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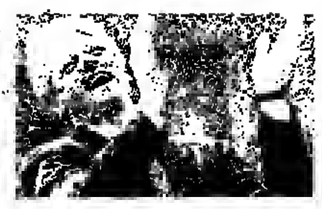
Russia: the rebels who were silenced by the syringe Page I

Floating in a desert Xanadu Page XII

1992 clarets: a vintage salvaged by modern technology Page IX



Clinton's 100 days
Early setbacks, but don't count him out
Jurek Martin, Page 6

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND APRIL 24/APRIL 25 1993

Timex offers to settle strike at Dundee plant

Timex, the American multinational company, has offered to settle the increasingly bitter strike at its plant in Dundee, Scotland, if the workers and their union – the AEEU – are willing to negotiate a Japanese-style agreement with an end to demarcation lines, and the introduction of total quality management, multi-skilling and team working. Page 4

Pearson to buy Thames Television: Pearson, the publishing, banking and industrial group has agreed to buy Thames Television, the UK's largest independent producer, for £99m. Page 22

BA and Virgin restart talks: British Airways and Virgin Atlantic Airways have restarted talks aimed at settling the "dirty tricks" dispute. Lawyers from the two companies met last week at BA's instigation, Virgin said. Page 23

Banks try to aid peseta: Six central banks intervened on the foreign exchange markets buying the Spanish peseta, after it plunged against the D-Mark inside the European exchange rate mechanism. Page 2; Peseta plunges, Page 11

London equities suffer heavy losses

A concerted attack on European bond and equity markets after the late slide on Wall Street on Thursday, triggered a sharp sell off in leading UK shares. The FT-SE 100 Index ended a hectic session 37.3 down at 2,843.8, wiping out most of the strong gains recorded earlier in the week. London stocks, Page 13; Lex, Page 22

Bosnia: President Bill Clinton said the US should not intervene in Bosnia without the support of its allies, despite the mounting pressure on the administration to take some kind of military action against the Bosnian Serbs. Page 2; President's work in progress, Page 6

US concern as orders slow: The US Commerce Department reported a 3.7 per cent decline in new orders for durable goods between February and March, fuelling anxiety on Wall Street. Page 3

Diplomats missing in Afghanistan: A Briton from the deputy high commission in Karachi is one of three European diplomats who have disappeared after a joint official visit to the city of Quetta, Baluchistan, the Foreign Office said.

Asda to close factory: Asda, the UK's fourth-biggest food retailer, will close its Lofthouse food factory in Wakefield, west Yorkshire, at the end of July, with the loss of 1,300 jobs. Page 4; Lex, Page 22

Blast 'probably terrorist attack': Police said a blast which damaged an oil tank at an Esso oil terminal at North Shields, Tyne and Wear, north east England, was probably a terrorist attack and possibly the work of the IRA.

Bank of Japan attacks Clinton: The Bank of Japan joined the rising chorus of Japanese criticism of President Clinton's remarks a week ago which have fuelled the rapid appreciation of the yen over the past few days. President Clinton suggested a stronger yen was one of several factors working to reduce Japan's trade surplus. Page 3

Japanese banks: Leading banks announced large appraisal losses on their securities portfolios as the effects of the weakness of the stock market continued to echo through the financial system. The losses include Y39.7bn ($358m) at Mitsubishi Bank and Y46.6bn at Sanwa Bank. Page 10

Palestinian shot dead Israeli soldiers shot and killed a Palestinian man and wounded at least 65 other Palestinians in clashes in the occupied Gaza Strip, Palestinians said.

TB 'global emergency': The World Health Organisation has declared tuberculosis a "global emergency". Unless immediate action is taken to curb its spread, the resurgent TB bacillus will kill 30m to 40m people over the next decade, it said. Page 3

■ STOCK MARKET INDICES		
FT-SE 100:	2843.8	(-37.3)
Yield	4.01	
FT-SE Eurotrack 100	1156.50	(-7.85)
FT-A All-Share	1399.84	(-0.9%)
Nikkei	19,704.15	(+112.84)
New York lunchtime:		
Dow Jones Ind Ave	3419.17	(-10.00)
S&P Composite	438.21	(-1.25)
■ US LUNCHTIME RATES		
Federal Funds:	2 15/16%	
3-mo Treas Bills: Yld	2.879%	
Long Bond	104 7/8	
Yield	6.764%	
■ LONDON MONEY		
3-mo Interbank	6 1/16%	(same)
Liffe long gilt future:	Jun 104 7/8	(Jun 105 3/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jun)	$18.89	(18.75)
■ Gold		
New York Comex (Apr)	$346.5	(342.5)
London	$344.15	(340.15)

■ STERLING		
New York lunchtime:		
$	1.573	
London:		
$	1.575	(1.548)
DM	2.495	(2.4875)
FFr	8.4275	(8.39)
SFr	2.2525	(2.255)
Y	174.25	(170.25)
£ Index	81.2	(80.7)
■ DOLLAR		
New York lunchtime:		
DM	1.5845	
FFr	5.349	
SFr	1.4302	
Y	110.7	
London:		
DM	1.584	(1.6065)
FFr	5.35	(5.42)
SFr	1.4305	(1.4575)
Y	110.6	(110)
$ Index		(64)
Tokyo close Y 110.4		

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Appeal court ruling allows school tests boycott

By John Authers and Philip Stephens

CLASSROOMS in England and Wales face a summer of disruption after Britain's second largest teachers union yesterday successfully defended its right to boycott the controversial national curriculum tests in the courts.

Mr John Patten, the embattled education secretary, now faces the choice of an embarrassing climbdown, a rush to change the law or widely disrupted tests.

The Appeal court ruled against Wandsworth Borough Council, which brought the action to prevent the National Association of Schoolmasters Union of Women Teachers, from boycotting the tests.

Wandsworth will not attempt to appeal to the House of Lords.

The NASUWT is already boycotting the tests, which are due to take place in June. The two other biggest teaching associations, the National Union of Teachers and the Association of Teachers and Lecturers, who are also balloting their members are expected to join the boycott.

However, senior Whitehall officials yesterday appeared to play down suggestions that the government would introduce emergency legislation to outlaw the boycott.

Earlier this week a leaked letter to Mr Patten from Mrs Gillian Shephard, the employment secretary, suggested the government was preparing to amend the employment bill to outlaw industrial action which would flout the will of parliament.

Downing Street refused to rule out such a move. But officials stressed the idea was not at present under "active consideration", reinforcing a general view at Westminster that the government would have to ride out the present storm in the hope that the teachers would eventually lose the sympathy of parents.

The Appeal Court ruled unanimously that the NASUWT's action was lawful because it mainly related to the heavy workload which teachers would take on to implement the tests, and was not politically motivated by opposition to the national curriculum itself.

Mr Nigel de Gruchy, NASUWT general secretary, proclaimed the result as a "scorching victory". He predicted that an attempt to change the law would meet with "open rebellion" from teachers.

Mr Edward Lister, Wandsworth council leader, said: "All those concerned with education should now move forward to greater agreement. Everyone acknowledges that improvements to the curriculum and the tests can be made."

Mr Patten responded in a speech to the annual conference of the Secondary Heads' Association, by pointing out that governors and head teachers still have a statutory obligation to implement the tests.

Test plan fails to make the grade, Page 7

Retail sales rise points to end of recession

Fresh figures back Major's move to reassert authority

By Philip Stephens, Alison Smith and Emma Tucker

THE THIRD successive monthly rise in High Street spending all but confirmed the end of Britain's longest post-war recession yesterday and gave new impetus to Mr John Major's drive to reassert the government's authority.

The volume of retail sales rose by a seasonally adjusted 0.5 per cent between February and March and were running 4.1 per cent above the levels of the same period last year.

The figures, which follow news earlier in the week of another surprise fall in unemployment and a sharp rise in new-car sales, coincided with separate statistics pointing to a further revival in the housing market and in exports.

Official figures on Monday are expected to mark the end of the recession by reporting a clear increase in first-quarter gross domestic product.

In the second of a series of speeches designed to put the crises of the past year behind him, the prime minister said the government would support "heart and soul" the efforts of industry and exporters to sustain the recovery.

Underlining his break with his predecessor's hands-off policy towards manufacturing during the 1980s, Mr Major said: "The government has a duty to work with industry to help industry meet the challenge . . . Everything we do must be supportive of you." Addressing businessmen in Manchester, Mr Major said Britain was now set for two years of "solid growth". The government, he said, was determined to help industry to achieve the "competitiveness" needed to expand Britain's industrial base.

Anxiety in Whitehall that the present gentle recovery might develop into another consumer-led boom were reflected in repeated exhortations by the prime minister for business to increase its efforts in export markets. He agreed that "the trade gap is still too wide".

Privately, senior ministers were also cautioning against euphoria, suggesting that they wanted to see increased consumer confidence matched by comparable rises in output and investment.

Mr Major told the businessmen: "Winning back lost markets is the only long-term policy for British industry – for the whole economy. And manufacturing is the soldier in the front line of

Page 5

- ■ Sharp rise in shop sales
- ■ Building societies see housing upturn . . . but agents disagree
- ■ British recovery worries Delors ....Page 2

Editorial comment, Page 6
Continued on Page 22

Britain oversaw EBRD's £55m building

By Robert Peston and David Marsh in London and Jimmy Burns in Paris

THE UK was the only government represented on the building committee which oversaw the spending of £55.5m on fitting the new headquarters of the European Bank for Reconstruction and Development.

However Mr Nicholas Bailey, the official at the Overseas Development Administration on the committee, was powerless to prevent spending on new marble, wood panelling and other "luxuries" because the government had provided a £40m building grant to the EBRD with no conditions attached, according to a UK official.

It also emerged yesterday that officials from the EBRD's shareholder governments, led by the Germans, are exploring the possibility of creating a new post of chief executive at the bank to back up Mr Jacques Attali, the bank's president.

The idea of appointing an EBRD chief executive has not yet been put forward by Mr Theo Waigel, the German finance minister. The suggestion would be designed to improve the organisational structure of the bank following criticisms of insufficient budgetary control.

None of the other countries which own the bank were represented on the building committee, chaired by the bank's budget director, Mr Pierre Pissaloux. The UK was on the committee because of the £40m grant.

"After the EBRD's director approved the budget [at the end of 1991], there was nothing we could do [about how the money was spent]", said the official. "It was a nightmare".

An official said the UK's role in the building project would

Continued on Page 22
Civil servant powerless, Page 3
Man in the news, Page 6

Yeltsin's powers hinge on vote

Power at centre: Mr Yeltsin canvasses support for his constitutional reforms among farmers in Russia

RUSSIAN presidential power will dominate every other institution of the state if the country backs President Boris Yeltsin in tomorrow's referendum on the country's future, Mr Yeltsin promised yesterday.

A poll published by Izvestia showed that Mr Yeltsin was supported by 57 per cent of those who would vote on the first question – do you trust the president? Voters were equally divided over the second question, on support for Mr Yeltsin's economic programme. Voters will also be asked if they want early elections for president and parliament.

Mr Yeltsin hinted he would push through the new constitution against all opposition.

Full Report, Page 22; Shortfall in G7 aid to Russia, Page 2

Lonrho on brink of selling Observer to rival group

By Roland Rudd and Raymond Snoddy

LONRHO, the international conglomerate, is in negotiations to sell the Observer newspaper title to the owner of daily The Independent and its Sunday stablemate.

Under the proposal being discussed, Lonrho would shoulder all the multi-million cost of closing the Observer. Founded in 1791, the Observer is the world's oldest Sunday newspaper.

A merger between the Independent and the Observer would create a strong left-of-centre paper better able to challenge the dominance of the Sunday Times.

The proposed deal envisages Lonrho taking a stake of between 15 to 20 per cent in Newspaper Publishing, the Independent's owner. Lonrho would also receive a sum of about £20m, deferred for up to 15 months, linked to the performance of The Independent and The Independent on Sunday.

Mr Donald Trelford, editor of the Observer since 1975, insisted last night there was "no agreement to sell the Observer". However, one of Lonrho's financial advisers confirmed that the group was in talks with Newspaper Publishing to sell the Observer title.

Although no formal decision has yet been taken by Lonrho to sell the paper, bids were invited and received from both Newspaper Publishing and The Guardian.

Because The Guardian is controlled by a charitable trust, it was unable to offer a stake to Lonrho.

Any sale will have to be approved by the Monopolies and Mergers Commission and the Guardian interest could complicate the issue.

Any sale to Newspaper Publishing which would involve the closure of the paper would be controversial given that the Guardian is keen to continue publishing.

Mr Dieter Bock, Lonrho's biggest shareholder with 18.6 per cent and joint chief executiva with Mr Tiny Rowland, has made it clear that he wants to sell the

Continued on Page 22

CONTENTS

Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr80; China Feq 13.0; Canada C$1.40; Cyprus C£1.00; Czech Rep Kcs45; Denmark DKr15.00; Egypt E£4.50; Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr300; Hong Kong HK$16; Hungary Ft172; Iceland IKR160; India Rup40; Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500. Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rm4.50; Malta Lm0.00; Morocco Dh13.00; Nigeria Naira30.00; Netherlands Fl3.75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc215; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Slovak Rep KSL45; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L7000; UAE Dh11.00; USA $1.25 (Alaska & Hawaii $1.75)

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Commission president sees threat to Emu plans if other states leave ERM

British recovery worries Delors

By Lionel Barber in Brussels

MR JACQUES DELORS, president of the European Commission, is becoming worried that the UK recovery based on a floating exchange rate could undermine the EC's plans for economic and monetary union, senior EC officials said yesterday.

Mr Delors has expressed private fears that other EC member states may be tempted to follow the British example of pursuing economic growth outside the constraints of the European exchange rate mechanism, the Brussels officials said.

In a speech at the Hanover trade fair last Tuesday, Mr Delors warned that the credibility of the EC's monetary plans was "under attack". Admitting that the Maastricht treaty's plans for Emu remained in doubt, he declared: "If Europe were hit by further competitive devaluations the Single Market would not survive."

The European Commission was stunned this week when UK unemployment fell for the second month running in March. The gathering UK recovery is all the more galling to Brussels, which blames recent currency instability inside the ERM partly on the delay in ratification of Maastricht in Denmark and the UK.

Mr John Major's pro-European speech in London on Thursday night has mollified some of the critics, but one Commission official expressed reservations yesterday about the note of *triumphalism* in his claim that Britain was winning all the arguments in Europe, from promotion of the Single Market to common agricultural policy reform and *enlargement*.

This week, Mr Norman Lamont, Britain's chancellor of the exchequer, predicted that the UK would grow faster than its main European competitors this year and next.

EC officials believe that in the medium term, the UK will pay a price for its floating exchange rate in higher interest rates, higher inflation, and a substantial balance of payments deficit.

"It is not a sustainable policy in the medium term," said one official.

But with *unemployment in the EC* expected to rise to more than 17m this year and growth likely to be lower than 0.75 per cent, the officials acknowledge the UK boomlet may enjoy short-term appeal elsewhere in Europe.

Consequently, the Bundesbank's decision to lower its discount rate by a quarter point to 7.25 per cent and its emergency Lombard rate from 9 to 8.5 per cent was greeted with relief in Brussels, a sign that the German central bank is sensitive not only to the deepening recession but also to the economic squeeze on its neighbours, particularly France.

Central banks rush to defence of peseta

By James Blitz in London and Tom Burns in Madrid

SIX central banks intervened on the foreign exchange markets yesterday to buy the Spanish peseta after the currency plunged against the D-Mark inside the European exchange rate mechanism.

The Bank of Spain, together with the central banks of Denmark, France, Ireland, Germany and Belgium, joined in a concerted action to support the Spanish currency after it fell through its central rate against the D-Mark for the first time since devaluing last year.

However, neither two rounds of currency intervention nor a rise in the Bank of Spain's official interest rates, for the second day running, could prevent a sustained speculative attack on the currency, pushing it to a low of Pta74.05 against the D-Mark.

The unsuccessful attempt to maintain the peseta above its central parity fuelled speculation that Spain might have to devalue it or to ask the EC monetary committee to sanction the temporary imposition of exchange controls.

The Bank of Spain was clearly attempting to avoid either option yesterday. A devaluation would cripple the credibility of the Socialist government, which is seeking a fourth term in elections scheduled for June 6. Spain's introduction of temporary capital controls last autumn also dealt a severe blow to foreign inflows of money.

The Bank of Spain kept its benchmark intervention rate unchanged at 13 per cent yesterday, turning Spain into an outsider amid the general cut in European interest rates that followed the Bundesbank's decision to ease its official rates on Thursday.

The bank also raised overnight rates close to 16 per cent, having raised them from 13.25 to 14 per cent on Thursday.

Yesterday's operations by Europe's central banks came at *the end of* a week which has seen the Bank of Spain consistently spending its reserves in support of the peseta. Dealers remain uncertain as to how much the Spanish authorities have spent in recent days. *There* were rumours yesterday that reserves had fallen by more than 50 per cent, coming down as low as $20bn (£12.8bn), against a reserve volume *quoted* earlier this month of $45bn.

Operators in the London foreign exchange market believed that a devaluation of the peseta would not have a knock-on effect on the ERM as a whole.

Mr Steve Hannah, a director of IBJ International, said: "At this stage the market would not see a *peseta devaluation* as a reason for another attack on the ERM." He believes the falls in French and Danish money market rates in recent weeks are a sign of growing confidence in the hard core of the system.

Mr Neil MacKinnon, an economist at Citibank in London, believes a peseta devaluation would intensify pressure on the Portuguese escudo and the Danish krone. "But the core group in the ERM should hold together," he said.

Bank of France shaves its interest rates

By David Buchan in Paris

THE Bank of France yesterday shaved 0.25 of a percentage point off both its official interest rates, bringing its intervention rate down to 8.50 per cent and its 5-10 day "repurchase" lending rate down to 9.50 per cent. Virtually all the country's big commercial banks responded swiftly by cutting their base rates from 9.75 per cent to 9.50.

Earlier, Mr Edouard Balladur, the prime minister, discussed with employers and union leaders the tough fiscal measures he plans next month.

But the day-long talks were inconclusive, with the prime minister seeking and getting no more than the acquiescence of the two sides of French industry that serious measures were needed to save the country's social security and pension schemes from bankruptcy.

The French central bank acknowledged yesterday that it had taken part in the general move to support the beleaguered Spanish currency by buying an undisclosed quantity of pesetas against francs. Despite such intervention and yesterday's interest rate cuts, the franc held steady.

Meanwhile, farmers in south west France and fishermen in Brittany yesterday said they would resume their protests this weekend, or next, against sliding prices of fruit and vegetables and cheap fish imports.

● **Hugh Carnegy in Stockholm adds:** The Riksbank, Sweden's central bank, lowered its marginal rate by 0.25 of a percentage point from 9.75 to 9.5 per cent.

Norges Bank, Norway's central bank, also cut its key overnight lending rate 0.25 of a point, from 8.25 to 8.0 per cent.

US should not intervene alone in Bosnia, says Clinton

By George Graham in Washington, Lionel Barber in Brussels and Laura Silber in Belgrade

PRESIDENT Bill Clinton said yesterday the US should not intervene in Bosnia without the support of its allies, despite the mounting pressure on the administration to take some kind of military action against the Bosnian Serbs.

Mr Clinton, who told a news conference he expected the administration's review of US policy on Bosnia to be completed within the next few days, said: "I do not think we should act alone, unilaterally, nor do I think we will have to."

The president repeated that he had not ruled out any option for action, except the direct intervention in Bosnia by US ground troops and that he had high hopes of reaching agreement on joint action with Britain, France and other European allies.

The debate in the US administration over the right course of action in Bosnia broke into the open yesterday, with the US ambassador to the United Nations urging Mr Clinton to order air strikes against the Bosnian Serbs to help the hard-pressed Moslem population.

The ambassador, Mrs Madeleine Albright, is understood to have argued that the US cannot turn its back on its international *responsibilities* and should be prepared to act alone if it cannot persuade its European allies to join it.

The New York Times also reported that 12 mid-level State Department officers handling the Balkan region had implored Secretary of State Warren Christopher to end "western capitulation to Serbian aggression" and use military force in Bosnia.

Mr Christopher has been reluctant to embrace military options and warned a congressional committee this week *that air strikes might halt the* UN relief operations in Bosnia. This argument against military action has also been deployed by Britain and France, both of which have troops under the UN flag in Bosnia.

A similar debate also divides the Pentagon, where Defence Secretary Les Aspin appears open to the idea that air strikes might deter aggression, while General Colin Powell, chairman of the Joint Chiefs of Staff, remains sceptical.

At the White House, Mr Anthony Lake, Mr Clinton's chief national security adviser, is understood to be among those arguing for air strikes.

European Community foreign ministers will discuss the full range of military and diplomatic options to end the fighting in Bosnia at Hindsgavl Castle, near Copenhagen, today.

EC members remain as divided as the US administration with the majority leaning towards a tightening of new sanctions against Serbia and Montenegro.

A spokesman for the Danish presidency said it was possible that the foreign ministers might issue a joint statement on the west's response to the Bosnian crisis tomorrow.

President Franjo Tudjman of Croatia said yesterday that he had urged Mr Clinton to call a summit of all the leaders of the warring factions in the former Yugoslavia to resolve the Balkan conflict.

"All attempts at solving the issue through international conferences have led nowhere," *Mr Tudjman said* after returning from a visit to the US. "President Clinton said my proposal deserved consideration."

Meanwhile, the self-styled Bosnian Serb parliament met behind closed doors in Bosanski Novi, near the border with Croatia, yesterday, to decide once again whether it would accept a peace plan brokered by the UN and European Community mediators, Mr Cyrus Vance and Lord Owen.

The Security Council has warned the Bosnian Serbs that, *if they do not accept the plan* by April 26, the draconian additional sanctions against Serbia and Montenegro, which the council approved last waek, will be implemented without further delay. The Bosnian Croats and Moslems have already signed the plan, which would divide Bosnia-Hercegovina into 10 semi-autoooomous provinces.

However, the parliament was not expected to make its final *decision until after a meeting* betweeo its leader, Mr Radovan Karadzic, and Lord Owen in Belgrade later yesterday. "We are trying hard to find solutions acceptable for the Serbs after some modifications, some changes to the plan," Mr Karadzic told reporters in Bosanski Novi.

As the parliament met, a six-member UN Security Council mission headed for Bosnia to make a first-hand appraisal of the war, amid calls from non-aligned members of the 15-member Security Council for stronger action against the Bosnian Serbs.

At a friend's funeral in Sarajevo, Mehmed Balic weeps over a bag containing the bullet-riddled clothes of his brother, shot by Serb snipers hours before

EC edges closer to tax on energy

By David Gardner in Luxembourg

THE likelihood of an EC-wide tax on energy to combat global warming edged closer last night as an even split between the Community turned into an 11-1 majority in favour of the principle of a carbon tax – still resisted by the UK.

The six member *states*, led by Germany and the Netherlands, which have virtually signed up already to the European Commission's proposal for an energy tax, garnered support yesterday *from* the four poorest EC states and from France, leaving Britain potentially isolated.

Environment and energy ministers of the 12 were last night still striving for a compromise which the UK could sign up to, but fair distribution of the energy tax burden has been agreed in principle.

The Commissioo's *tax* plan would raise the price of a barrel of oil equivalent by $10 by the end of the century, with half of the levy falling on all non-renewable fuel and half on its carbon content.

At yesterday's special ministerial meeting, a "*burden-sharing*" formula was agreed whereby the tax would be modulated to "take into account different levels of economic development and different levels of carbon dioxide emissions of individual member states".

Support likely to be less than the $43bn pledged, IIF calculates

Shortfall in G7 aid for Russia

By Peter Norman, Economics Editor

OFFICIAL financial support for Russia this year from the Group of Seven countries is likely to fall short of the $43.4bn (£28.1bn) pledged at the recent G7 meeting in Tokyo, according to the Institute of International Finance.

The IIF, a *Washington-based economic* research body founded by leading international banks, believes that only $32bn of official western support will be provided this year, largely because it expects International Monetary Fund disbursements will reach only $4bn compared with the $13.1bn IMF total agreed in Tokyo.

Mr Anthony Bottrill, IIF deputy managing director, said in London yesterday that half the planned IMF standby facility of $4bn might be disbursed this year together with half the new $3bn "systemic transition facility" that was agreed in Tokyo. The IIF does not expect Russia will qualify for the $6bn rouble stabilisation fund first *promised by the G7 last year and included* in the Tokyo package.

The IIF has calculated that western official support for Russia last year totalled $17.55bn, compared with a promised $24bn. While the $1bn of finance supplied by the IMF was $9bn less than projected, largely because of the non-activation of the stabilisation fund, official debt rescheduling was higher than expected and made up most of the shortfall.

However, Mr Bottrill said capital flight from Russia undid the good provided by western finance last year: it amounted to an estimated $8bn in 1992, with funds leaving Russia at a rate a rate of $1bn a month *from the end of the first quarter onwards.*

As much as $1.5bn of flight capital may have flowed into Russia in the first quarter of 1992, when tight fiscal and monetary policies were in place. IIF economists believe capital reflows will only resume after Russia has significant raised interest rates and oil prices.

Russians reject vote-rigging claim

By Gillian Tett in Moscow

THE organisers of tomorrow's federation-wide Russian referndum yesterday hit back at allegations that the ballot was likely to be rigged.

Speaking at the referendum headquarters in Moscow, Mr Vasily Kazakov, the beleaguered chairman of the referendum committee, insisted that the organising team was politically neutral and that they would try to ensure that voting was carried out according to "legal means".

But with both the supporters and opponents of Russian president Boris Yeltsin accusing the other of skullduggery, his words did little to diffuse the controversy that now surrounds tomorrow's vote.

Earlier this week the Russian parliament accused Mr Yeltsin of attempting to fix the result by issuing sackfuls of fixed ballot papers to polling stations.

Mr Yeltsin's supporters, for their part, yesterday claimed that pro-Yeltsin groups were being intimidated in the many rural regions which are hostile to Mr Yeltsin.

Speaking in Moscow, representatives from the pro-Russian "Democratic Russia" movement said they would set up a legal "first aid" telephone service to report cases of fraud.

"There is a great likelihood of falsification," said Mr Dmitri Katayev of Democratic Russia, who claimed that although Moscow had now enlisted 7,000 observers, many rural regions were still critically short of observers to oversee the vote.

With more than 100m voters registered and 96,766 polling stations, the monumental logistics of the vote mean that guarding against fraud, irrespective of political interference, will be, at best, an uncertain task.

Since the voting centres lack computers, the ballot papers will be counted by hand, before the results are sent by telegram to Moscow. The papers could theoretically total up to 400m – each of the four referendum questions is *printed on* a separate sheet – although many eligible voters will not take part. Mr Kazakov yesterday admitted that many of the polling stations, which are scattered across nine time zones, still lacked sufficient voting papers or official placards.

Although the organising committee had hoped to ease the counting process by printing the papers in different colours, the plan was dropped when they discovered there was not enough ink in the country to do this.

Several dozen international observers have arrived in the country, at the invitation of local political parties. But with their status still in some dispute, *particularly* in the regions hostile to Mr Yeltsin, their role in the election process remains unclear.

Second city sinks into apathy

St Petersburg is uninspired by the ballot, **Andrew Gowers** writes

THEY were there again last night, as they are every Friday evening outside St Petersburg's pillared city hall: 300 or so mainly elderly men and women, voluble with anger.

A similar or larger crowd has assembled in the centre of Russia's second city every week for three months to protest about an affair that has been a central talking point locally in the run-up to Russia's national referendum tomorrow: the disappearance of millions of roubles of pensioners' assets in an investment scam.

Up to 450,000 of St Petersburg's 5m people are believed to have been hit by the scandal, involving the misappropriation of share vouchers by two self-styled investment firms whose directors have absconded.

The affair has not enhanced the reputation of President Boris Yeltsin's economic reforms, or of the city's mayor and one-time prominent Yeltsin supporter, Mr Anatoly Sobchak. On the contrary: St Petersburg – Imperial Russian capital, cradle of the October Revolution and traditionel home of Russia's intelligentsia – is not the solid bastion of support for the presidant it was during the failed communist "putsch" of August 1991.

Today, a mood of sullen apathy has descended on the city's moth-eaten elegance, enlivened only by shrill cries from the president's multifarious critics.

On one of the main roads Democracy Wall – once plastered with posters proclaiming support for reform – has been taken over by fly-sheets urging a *niet* vote tomorrow. In front of it throngs a crowd anxious to explain why.

"I'm not a communist but I'm against him," says Tamara Afanasiva, 49, a philosopher who now works as a travel agent. "Yeltsin is a communist, a party hack, and is only in power now because he carried a party card for 30 years. These *people are stealing* from our rich country and selling it off. They're building capitalism on the backs of people."

Over at the local headquarters of the Russian Communist Workers' party comes opposition of a more predictable kind. "There's absolutely no point in this referendum," says Mr Yuri Tereniyev, party secretary, sitting beneath a brocaded banner portraying Lenin.

"No matter what the results are Yeltsin will use them for his purposes," Mr Tereniyev observes.

In the face of these assorted barrages, St Petersburg's lively community of artists and intellectuals, *who overwhelmingly* support Mr Yeltsin, has something of a beleaguered air.

At the Jazz Philharmonic Hall, Mr David Goloschokin, artistic director and ooe of Russia's best known jazz musicians, says the vote is the "last chance" for Russians to save the democratic changes Mr Yeltsin has introduced. "Prospects of a future controlled by the Congress of People's Deputies is even more depressing than the communist past," says Mr Goloschokin, who had to play his music underground for 25 years before perestroika.

All this does oot mean Mr Yeltsin will be defeated in St Petersburg; not even his fiercest critics predict that. More likely is a very low turnout.

Perhaps the best pointer to the prevailing mood is the behaviour of the increasingly unpopular Mayor Sobchak. He has complicated matters by adding a fifth question to tomorrow's ballot asking whether St Petersburg should seek the status of an autonomous republic – an attempt to give himself a freer hand in introducing reforms and attracting foreign investment.

And this week, as the referendum approaches, has Mr Sobchak been manning the barricades? No : he has been enjoying himself in London at the annual meeting of the European Bank for Reconstruction and Development.

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Former Bank of Italy chief dies

By Robert Graham in Rome

WITH the death of Mr Guido Carli yesterday at his Spoleto home at the age of 79, Italy has lost one of the few great post-*war servants of state.*

In a distinguished career spanning almost 50 years in both the public and private sector, he will be best remembered for his long term as governor *of the Bank of Italy* from 1960-75. This was a key period during which Italy became one the world's seven leadiog industrialised economies.

Yesterday the Italian establishment united in paying tribute to Mr Carli, highlighting his integrity and his contribution to Italy's postwar economic development. Trained as a lawyer and gaining the Military Cross during the second world war, be joined the Bank of Italy in 1946. He took part in the Bretton Woods negotia*tions setting* up the loternational Monetary Fund and World Bank, and was subsequently the first Italian executive director of the IMF.

After leaving the governorship of the Bank of Italy, Mr Carli took on the presidency of *Confindustria*, the industrialists' association, for four years at a tima of confrontation between managemeot and unions.

In 1983 he became a Christian Democrat senator, and in 1989 treasury minister. Here he was instrumental in boosting the treasury team, pressing for Italy's inclusion in the European Monetary System and a start to privatisation.

Although he gave considerable international credibility to the Andreotti government's economic policies, he never hid his disappointment that so little was done either to privatise or to reduce Italy's mountain of debt.

Carli (right): ***career spanned*** **almost 50 years**

UK civil servant powerless to halt EBRD spree

ODA man supervising building was unable to prevent lavish spending on bank's London headquarters

By Robert Peston, Banking Editor

A BRITISH civil servant "lived a nightmare" last year as he watcbed the lavish spending on the European Benk for Reconstruction and Development's London headquarters, an official close to the scandal said last night.

But Mr Nicbolas Bailey, a member of the bank's building sub-committee, was unable to halt the spending of millions of pounds oo replacing marble in its new head office, redesigning the interiors of its lifts and installing curved wooden doors.

The official said Mr Bailey had no power to prevent the lavish spending, because the bank's board had approved the building budget and the UK government's grant of £40m for the EBRD's buildings was given to the bank without any conditions attached.

But, because the grant had been given, Mr Bailey, an official at the Overseas Development Administration, was made a member of the EBRD's building committee, which was set up to supervise work on the £55.5m fitting out of its new headquarters at Exchange Square in the City of London. No public official from any of the other 55 countries or agencies which own the bank was on the committee.

The committee was chaired by Mr Pierre Pissaloux, the EBRD's director of the budget and director of the cabinet of Mr Jacques Attali, the bank's president.

At the end of 1991, the British government was involved in fixing the original budget for the building of £53m. The EBRD set this budget having employed the chartered surveyors, Gardiner and Theobald, as cost consultants.

The ODA scrutinised the budget in conjunction with a retired architect, Mr Alec Reilly, with whom it had worked before.

It did oot believe the original specification for the building was too luxurious. An official said the original plan was "high quality, somewhere between oormal UK government standards and the more luxurious offices normally occupied by international financial institutions".

Chartered surveyors however say that the budget was generous compared to the fitting out costs of many UK buildings. The cost is equivalent to more than £70,000 for every one of the EBRD's 750 employees, which is a far higher cost per person than for most City offices.

But the budget had to be approved by the board's directors, which represent the countries and international agencies which own the bank.

The information directors received on the capital budget was "sketchy", said a director, who regrets that he and his colleagues were oot more forceful in asking for more information. "In some respects, we could have done our job better," he said.

Information on the building costs is contained io the EBRD's 1992 70-page budget document. However, the budget for fitting out the building is discussed in just one paragraph: "An allocation of £53m has been made in the budget based on the preliminary view of the quaotity surveyor requested to estimate the cost of the fitting out works, including all the professional fees."

Directors say they received no other documentary information on the building costs of any substance. However at board meetings on 16 and 17 December 1991, they approved the budget.

The British government says it insisted thet contracts for the building work be awarded on the basis of normal procedures followed by publicly-owned institutions of competitive tendering. These are the procurement procedures which the EBRD insists that its customers in the public sector of Eastern Europe and the former Soviet Union also follow on infrastructure projects. However, in the appointment of French firm Berthet & Pochy as leading architects, these procedures were oot followed.

Berthet & Pochy had started to draw up plans for the building design before they were awarded the contract, according to a UK governmeot official.

The EBRD wanted Berthet to be appointed, the official said. "Architects are ofteo the choice of the client," he said.

The UK government "looked at tbe firm's credentials," according to the official, and was convinced it could "do the job". The official said that the government "knew of Berthet's association with Attali". Three years ago Mr Attali wrote the preface to e book on the work of Berthet & Pochy.

Because Berthet had already done design work and a public competition would take at least two mooths, the governmeot agreed that Berthet could be appointed as the leading designer on tbe project.

When building began, the EBRD discovered that the costs of certain materials were lower than it had anticipated in the budget. The savings were around £5m.

But rather thao save the money, the building sub-committee decided to make the fittings and furnishings more luxurious. The UK government is uoderstood to have been alarmed when it learned of the "excesses", according to an official, but felt it could not intervene, since tbe board had approved the budget.

In the event, the spending got so out of hand, that around the beginning of this year tbe EBRD had to ask its directors to increase the building budget to £55.5m. The Britisb government sent a letter warning that spending must oow be more tightly cootrolled. But in the words of the official, the borse had already bolted.

THE World Bank has completed negotiations with Russia on a $1bn (£600m) project to boost output from the Siberian oilfields, writes George Graham in *Washington*.

The deal, still to be approved by the World Bank's board of directors, would support Russian government efforts to revitalise the oil industry and fund a programme of well upgrades designed to increase productioo by 33,000 tons a day.

This would raise Russia's national output by *3 per cent or $1.5bn a year, the World* Bank said.

The World Bank is to provide more than $500m for the project, which willbe co-financed by the European Bank for Reconstructioo and Development.

Additional funding is expected from national export credit agencies.

***The energy sector has been a focus for* development projects in Russia because of the potential for rapidly boosting export earnings by improving the efficiency of the country's oil fields.**

US slowdown in orders fuels Wall St fears

By Michael Prowse in Washington

THE US Commerce Department yesterday reported a 3.7 per cent decline in new orders for durable goods between February and March, fuelling anxiety on Wall Street that the pace of US economic recovery is slowing.

The figures unsettled investors because they follow a string of weaker than expected statistics, including sharp declines in retail sales and housing starts last month and flat industrial production. By mid-morning, the Dow Jones Industrial Average was down 23 points at 3406.21.

The decline in orders was the largest in 15 months and broadly based – affecting transport, primary metals, industrial machinery and electrical equipment.

However, the series is notoriously volatile. Orders rose 2.2 per cent in February and by 3.5 per cent in the first quarter as a whole relative to the fourth quarter of last year, which saw a robust expansion of orders.

Many forecasters have shaved their projections for the first quarter to show growth at an annual rate of about 2.5 per cent, sharply lower than the 4.7 per cent annual rate registered in the fourth quarter of last year.

A pick up towards 3 per cent, however, is widely expected later in the year.

"The figures are consistent with a recent pattern of slower industrial growth that reflects more than bad weather," said Mr Edward McKelvey, a senior economist at Goldman Sachs. The group projects growth of just over 2.0 per cent in the first quarter.

Mr David Resler, chief economist at Nomura Securities in New York, said he had cut his growth forecast sharply partly because of the adverse impact on the economy of the more rapid decline in defence procurement ordered by the Clinton administration to make room for higher civilian spending.

The slow pace of job creation has also contributed to weaker consumer confidence than envisaged at the end of last year when spirits were temporarily lifted by President Clinton's election victory.

A Tokyo man is dragged away from e demonstration protesting against Emperor Akihito's visit to Okinawa. The emperor is seeking to atone for the suffering by islanders during World War Two. More than 200,000 died during three months of battles in 1945

Bank of Japan criticises Clinton

By Charles Leadbeater in Tokyo

THE Bank of Japan yesterday joined the rising chorus of Japanese criticism of President Clinton's remarks a week ago which have fuelled the rapid appreciation of the yen over the past few days.

A senior bank official said it was highly inappropriate that the foreign exchange market should be moved by improper comments which were not well thought out.

The official accused the US administration of toying with exchange rates amid confusion in their ranks about the mix of policies needed to reduce the US trade deficit with Japan.

President Clinton suggested a stronger yen was one of several factors working to reduce Japan's trade surplus.

"There are some dangerous signs that there is too much toying around with exchange rates," the official said. If the purposal is to reduce the international trade imbalance theo the policy should be applied more consisteotly and not undermine the efforts we are making to revive the economy."

He warned that the yen's rise risked stifling the incipient recovery in the Japanese economy.

Japanese politicians and officials are torn in their response to the currency's rise.

A string of leading politicians has attacked President Clinton's remarks over the past few days. Mr Yoshiro Mori, the trade minister yesterday said he felt "extremely angry" at the way the US administration had talked up the yen.

However, Mr Miyazawa and other senior officials have attempted to mute the criticism for fear of further straining economic relations with the US which threaten to become increasingly fraught.

US 'will set' Japan market targets

By Michiyo Nakamoto in Tokyo

THE US is determined to set targets on opening up Japanese markets to American goods, Mr Ron Brown, US Secretary of Commerce, said in Tokyo yesterday.

"We are very serious about a results-oriented approach and measurable results and monitoring those results," he said.

"The unfortunate fact of the matter is that despite the best efforts of our two governments, the Japanese market is still not truly open to American products."

Mr Brown spoke against a background of US frustration at a bilateral trade deficit in 1992 of nearly $50bn.

He is in Tokyo for an international conference on assistance to Russia. But he arrived two days in advance for meetings with Mr Kiichi Miyazawa, the prime minister, Mr Kabun Muto, the foreign minister and Mr Yoshio Mori, trade and industry minister, which will highlight the tough stance the Clinton administration is adopting in its trade talks with Japan.

The Japanese side, so far, has maintained that any attempts to impose quantitative targets will be vigorously resisted.

Officials at the Ministry of International Trade and Industry have also tried to play down the implications of the tough rhetoric from the US by emphasising that there has been no formal proposal from the US on targets for specific sectors.

While Japan insists that the shape of a new framework for bilateral trade talks has yet to be determined, the US has no doubts about what it is looking for in the new agreement.

Mr Brown said that two new bilateral agreements will be drawn up to address both structural and sectoral issues.

The US and Japan will work to remove barriers to market access in specific sectors which the US considers strategically crucial. Success will be measured by sales, he said.

He also cited the US-Japan semiconductor arrangement, which refers to a 20 per cent market share for imports, as one example of a successful results-oriented approach.

Despite Japanese insistence that it will not agree to quantifiable targets, Mr Brown was confident the two sides could reach agreement.

Reducing the trade imbalance was in the best interests of Japan too, he said.

NEWS IN BRIEF

Austrian economy heads for year of stagnation

AUSTRIA is likely to suffer a short period of ecooomic stagnation this year, with growth resuming at a modest 1 to 2 per cent next year, according to an annual country study by the Paris-based Organisation for Economic Co-operation and Development (OECD). **Ian Rodger reports from Zurich.**

The OECD sees unemployment, at 5 per cent, continuing to rise. Inflation, at 4 per cent, should soon fall because of the sensitivity of Austrian trade unions to the risk to employment.

The study says Austria has "reaped the full benefits from building credibility" by pegging the schilling to the D-Mark. The short-term interest rate differential with Germany has disappeared and the country was unaffected by last autumn's currency turmoil.

High public-sector deficits and protectionist policies come in for stiff criticism. The study acknowledges that in the current recession it will be difficult to make progress on reducing deficits but urges the government to do better during the next period of growth than it did during the last one.

New Zealand exports at record

New Zealand exports increased by 9.3 per cent to NZ$18.67bn (£6.5bn) in the 12 months to March 31, a record, the Statistics Department reported yesterday, *Terry Hall reports from Wellington.*

The figures are the latest to point to a strong improvement in the New Zealand economy, which economists say is due to a more competitive domestic market and a sharp fall in the exchange rate over the past year. New Zealand showed a trade surplus of NZ$1.69bn in the 12 months to March 31, NZ$354m lower than the previous year.

Demirel set to become president

Mr Suleyman Demirel, Turkey's prime minister yesterday received the endorsemeot of his True Path party DYP, the largest party in parliament, to succeed the late Turgut Ozal as president, **John Murray Brown reports from Ankara.**

With the hacking of the DYP parliamentary group, Mr Demirel is widely expected to be elected in the first ballot of deputies on May 8.

Prominent Sri Lankan killed

A prominent Sri Lankan opposition leader was shot and killed by a lone gunman at a campaign rally near Colombo yesterday, police said, **Reuter reports from Colombo.**

Mr Lalith Athulathmudali, leader of the Democratic United National Front and a former minister, was rushed to hospital, where he died, clutching his stomach after being hit by gunfire at the rally at Kirrilapone near Colombo. The unidentified gunman escaped.

Eritreans vote for independence

Jubilant Eritreans flocked to vote yesterday in a referendum certain to deliver independence from Ethiopia – the fruit of victory in Africa's longest civil war, **Reuter reports from Asmara.**

Hundreds of people queued patiently at polling stations for the chance to secure the prize of 30 years' bitter fighting. Eritrea, a former Italian colony federated with Ethiopia by the United Nations in 1952, has effectively been governed as a separate state since May 1991 when Ethiopia's marxist dictator Mengistu Haile Mariam was overthrown.

Tobacco protest in Zimbabwe

Hundreds of tobacco farmers are withdrawing their crop from Zimbabwe's auction floors in protest against the low prices oo offer, **Reuter reports from Harare.**

At least 30,000 bales of tobacco were pulled out of the market on Thursday and yesterday by angry farmers who said theywould return later in the year if the prices improved.

Since the 1993 auctions opened two weeks ago, a kilo of Zimbabwe's flue-cured "gold leaf" has beeo fetching an average of $1.11 – just over half last year's everage price.

Chinese work deaths at 15,000

By Tony Walker in Beijing

MORE than 15,000 Chinese were killed in industrial accidents last year, reflecting extremely lax safety standards that prevail throughont the country.

Official figures, released for the first time yesterday, confirm fears held by such institutions as the International Labor Organisation.

Chinese officials blamed the high casualty rate – the figurea showed a 3 per cent increase on the year before – on "negligence at some enterprises which tried to gain higher output at the expense of worker'a safety."

Mr Sun Lianjie, director of the Ministry of Labour's safety bureau, said China's economic boom – growth in the first three quarters exceeded 14 per cent – and the commissioning of many new enterprises had intensified problems.

"Some workers have never received proper training in labour safety and know little about safety procedures or self-protection," he said.

Mr Sun called for tougher laws and regulations to "check the increasing trend of fatal industrial accidents." Among industrial fatalities were 9,683 miners. This was a decrease of 1.4 per cent on the year before.

At the end of 1992, 148m workers were employed in industry across the country. Annual average wages reached $476, up 6.7 per cent on the year before.

Road tolls were also published recently. Officially, about 60,000 people died on China's roads last year, but the road safety authorities helieve the toll was prnhahly much higher.

AP adds from Beijing: Chinese police have arrested 1,580 people on suspicion of robbing tomba and smuggling the antiques found inside, an official newspaper said yesterday. The China Daily said more than 3,100 artifacts have been recovered.

Feature, Page 7

Tuberculosis 'a global emergency'

By Clive Cookson, Science Editor

THE World Health Organiaation yesterday declared tuberculosis a "global emergency". Unless immediate action is taken to curb its spread, the resurgent TB bacillus will kill 30m to 40m people over the next decade.

"Tuberculosis is humanity's greatest killer and it is out of control in many parts of the world," said Dr Arati Kochi, manager of tha WHO TB programme. "The disease – preventable and treatable – has been grossly neglected and no country is immune to it."

The declaration came at the end of a WHO meeting in London, at which emergency meaaures to combat the disease were discussed.

WHO aims to spend $20m over the next two years, halping davelopiog countries to establish effective national TB programmes. After that, it says, $80m a year must be provided by aid agencies and development banks to hny medicines and diagnostic equipment and maintain a modest infrastructure.

Developing countries account for 95 per cent of TB cases and 97 per cent of deaths. But TB, the forgotten terror of the 19th century, is beginning to return even in Europe and North America; the number of cases in the indnstrialised world has increased by about 20 per cent since its all-time low in the mid 1980s.

The WHO says the reasons for the disease'a resurgence inclnde neglect hy haalth anthorities and researchers, increasing travel and migration, emergence of drug resistance and – most importantly – the deadly synergy between TB bacteria and HIV, the virus that causes Aids.

HIV ectivates tuberculosis in people whose infection was previously inactive and, conversely, TB accelerates the development of Aids in those who are HIV-positive.

Yemen opposition hopes to banish rule by the gun

The poll may be dubious, but at least it's happening. Mark Nicholson and Eric Watkins report

SO heavy are the odds against Yemen's opposition parties, according to Mr Abdul Rahman al-Jifri, outspoken president of the Sons of Yemen party, thet one wonders why ha is bothering to lead his perty into the country's first multi-party elections at all.

Plucking from sprigs of qat leaves, the mild stimulant munched universally by Yemen's chattering classes, Mr al-Jifri heaps accusations of electoral trickery against the ruling coalition of the General People's Congress and the Yemen Socialist party – respectively the former ruling parties of North and South Yemen.

His own group, which he describes as liberal Moslem, is fielding 90 candidates in Tuesday's polls. It is among the biggest of the 40 or so parties seeking a place in Yemen's first elected parliament since unification in 1990. But Mr al-Jifri holds out scant hope for their collective chances in the face of some characteristically robust Yemeni politicking.

To cook the results, Mr al-Jifri alleges, the ruling parties are filling in soldiers' ballot papers in advance. He says they are trying to contrive a strike at the state television centre to deprive other parties of publicity. But mostly, he says, they are buying votes with money, offers of jobs and, in some cases, Kalashnikov rifles, a prize Yemeni status symbol and worth up to $800 each.

The litany is barely finished before an aide enters Mr al-Jifri's long, elegantly carpeted qat saloo, replete with two giant water pipes and seating for about 40, to hand him a slip of paper, which he reads.

"Apparently someone in a government car has been seen tearing down our posters," he says. "A full colonel dressed in uniform. A hlack land-cruiser, plate number 4272. A government car. Amazing."

But Mr al-Jifri, a veteran of violent campaigns against the Britisb and the communists in former South Yemen, looks most unamazed.

JUST two weeks ago his son was interrupted from an evening bath by a loud bang and a shower of gypsum. Someone had tossed a hand grenade at Mr al-Jiffri's villa.

As he sees it, the party's work, as with other smaller parties, is to establish the primacy of the ballot box as a means to political power in a country where for decades guns, armies and trihal might, corruption and subtle intrigue have held sway.

"We want to get one thing out of this," Mr al-Jifri says. "That tha process is started."

The sentiment is echoed by Mr Mohammed Abdul Malek al-Mutawakil, e softly-spoken university professor running as an independent. "I'm not standing in this election to win," he says. "For me what's important is that we have to establish the tradition."

But while international observers in Yemen say they are happy that the government has set up e voting procedure which should minimise fraud – complete with wetermarked hallot papers and indelible ink to mark voters' fingers – opposition candidates say this misses the point. And they allege connivance between the ruling parties to stage manage the result from the outset.

Constituencies were drawn up to favour ruling party candidates, they say. "Independent" candidates, 1,200 of whom pulled out this week, were allegedly placed in all 301 electoral districts to wrong foot the opposition. Most important, they say, in a land of 80 per cent illiteracy, the state has severely limited vital media slots to just two 15-minute broadcasts per party.

Senior governmeot figures have so far proved reluctant to discuss sucb charges with foreign journalists, present in unaccustomed numbers to witness whst Yemen touts as the first free multi-party elections in the Arabian peninsula.

But, whatever the truth to opposition allegations, they are at least more free to air them than most politicians in neighbouring states. Yemen's more than 100 newspapers are probably the Gulf's freest.

"In terms of freedom of expression we've achieved a lot," says Mr al-Mutawakil. "But in terms of administration and good government we're falling behind. We hope this election can make at least a start."

Timex 'ready to settle' dispute at Dundee

By Robert Taylor, Labour Correspondent

TIMEX, the American multinational company, is ready to settle the increasingly bitter strike at its Dundee plant if the workers and their union – the AEEU – are willing to negotiate a Japanese-style agreement with an end to demarcation lines, and the introduction of total quality management, multi-skilling and team working.

Timex is now ready to talk to the union but will insist that it must guarantee – and not just promise – a change in attitude at the plant that will enable the company to reach profitability. The company will not accept any return to business as usual.

In his first interview since the strike began, Mr John Dryfe, Timex's US vice-president, said from the company's Connecticut headquarters: "All we want from the employees and the unions is an acceptance of the same greenfield site conditions and attitudes at the Dundee plant that they are happy to negotiate with any new foreign company which decides to invest in Britain.

"We want to turn our operations in Dundee into a world-class manufacturing facility and encourage our employees to participate in achieving this."

He added: "The company is saying let us co-operate together on solving the problems of the 1990s, not go on fighting the battles of the 1920s and '30s. The world has changed. We all have to adapt. Otherwise we are going to face disaster."

He added: "Making circuit boards for electronic companies requires higher concentration and discipline on the production lines."

Since the dismissal of the 340 production workers at the lossmaking Dundee plant 13 weeks ago, the company's US head office has kept a close watch on events. The plant is continuing to produce circuit boards under contract for the electronics industry with 210 replacement workers helped by office staff and management.

Mr Dryfe said he regretted that the company had had to dismiss all its original employees but he added that there had not been a master plan. "It was never our intention to sack all our employees but we were forced into it," he said.

"I believe we were left with no alternative if we wanted to keep the plant in business. Underlying everything else is the fact that the subcontracting business is very competitive. We thought and still believe we were in danger of losing our business customers and we would be left without a future," he added.

Mr Dryfe said that another reason for the company's decision was the breakdown of trust between the company and local union officials: "We saw no willingness by local union officials to compromise."

He added that Timex does not feel the same lack of trust towards union officials at a higher level.

Within hours of what he claims was an agreement last February on layoffs, a pay freeze and a cut in benefits, Mr Dryfe said he was surprised to find that local union officials had rejected it. At two mass meetings the Timex workers then threw out the deal but agreed to go back to work "under protest".

Mr Dryfe said he did not know what this was supposed to mean: "We could only conclude if they came back they would immediately go out on strike again."

He added: "We warned the workers individually by letter they would be fired if they did not accept all four points in the deal."

Pirelli to cut 700 car tyre jobs

PIRELLI, the tyre manufacturer, is to cut 700 car tyre production jobs at its Burton-on-Trent plant and relocate production to other plants, primarily that in Carlisle, the company's other UK manufacturing site, Lisa Wood writes.

The company said the redundancies were in response to the "considerable deterioration in demand in the European tyre market".

Pirelli, as part of a big restructuring programme in Europe, is concentrating different types of tyre production into single specialised manufacturing sites in national markets in order to reduce costs. Since 1991 the group has shed nearly 6,000 jobs in Italy, Germany, Spain and Greece.

The Burton-on-Trent plant will retain about 600 jobs in the continued production of truck tyres and head office activities.

BCCI has 'black hole in assets'

By Andrew Jack

LIQUIDATORS yesterday warned of a $12.4bn (£8bn) "black hole" of unrealisable assets around the world in the collapsed Bank of Credit and Commerce International.

Partners at accountants Touche Ross said they had realised only 4.5 per cent of the bank's stated assets of $14bn. *They expected further realisations to total another 6.7 per cent.* But they stood by their original projection that creditors would receive dividends of 30p to 40p in the pound.

The figures were announced as Mr Christopher Morris, one of the joint liquidators to BCCI SA, released a report submitted to the Department of Trade and Industry and circulated to the bank's creditors.

Mr Morris warned that he was studying the involvement of regulators – including the Bank of England – in the *supervision of BCCI*. "If there are actions we can properly bring against the regulators we will bring them," he said.

The liquidators disclosed that they had launched a $10bn action in the US at the end of last year against the National Commercial Bank of Saudi Arabia, Sheikh Khalid bin Mahfouz, and a third party. They are already suing Price Waterhouse and Ernst & Whinney – now part of Ernst & Young – former auditors to BCCI, for about $8bn.

They also issued a bankruptcy order on Wednesday against Mr Nazmu Virani, former chairman and chief executive of Control Securities, for personal debts to the bank.

Other money is expected to come from a settlement negotiated by the liquidators with the government of Abu Dhabi, the majority shareholders in the bank.

But Mr Fred Goodwin, another partner involved in the liquidation, said that most of BCCI's stated assets in 1991 had been grossly inflated and that billions of pounds had been "deliberately removed" to a network of trusts and nominee corporations.

Against realisations until January 15 this year of $719m by the British liquidators to BCCI, liquidators' fees totalled $133.3m and legal fees $37.3m. Total expenses were $260.4m.

Aggregated fees including figures from other liquidators to the bank totalled $194.1m, *compared with realisations of $794m.*

Mr Morris said the sum included "many millions of pounds" in work from the consulting arm of Touche Ross, which developed new computer programmes and systems to replace BCCI's 10-year old systems.

The level of fees was attacked yesterday by Mr Adil Elias, chairman of the BCCI Depositors' Protection Association and a member of both the UK and Luxembourg creditors' committees. He said he planned to call on the UK courts to appoint an independent auditor to scrutinise the figures.

● Sir Nicholas Lyell, the attorney general, told the Commons yesterday that the inquiry by the serious fraud office into BCCI had so far cost £6,203,000.

1,300 jobs go as Asda closes food factory

By Neil Buckley

ASDA, the UK's fourth-biggest food retailer, said yesterday it was closing its Lofthouse food factory in Wakefield, west Yorkshire, with the loss of 1,300 jobs.

Workers had believed the business would be sold by Asda, but were told instead they were being made compulsorily redundant. The factory, which supplies all its output of sausages, bacon and meat products to the Asda chain, will close at the end of July.

Lofthouse, which is Asda's only interest in food manufacturing, reported losses of £2.5m at the last half-year results in December last year, and is expected to report a loss of about £4m for the full year.

Asda said there was little prospect of the factory moving into profit, adding that Lofthouse was operating in a declining market with considerable over-capacity.

"It's a sad but inevitable decision. We had to bite the bullet some time," said Mr Paul Dowling, Asda's corporate affairs director. "It makes good quality products but the costs are too high." Asda tried to sell the 50-year-old factory but was unable to find a buyer.

Closure costs, including redundancies, fixed asset write-offs and losses between now and closure, are estimated at £20m, to be classed as an extraordinary charge when Asda reports its full-year results in July. That will be offset against the £68m extraordinary gain Asda announced at the half-year following the disposal of its interest in furniture retailer MFI.

Mr David Williams, national secretary of the GMB general union's food and leisure section, said the closure was a "hammer blow for the people of West Yorkshire, which will lead to the devastation of the whole community.

"Only yesterday John Major was jumping up and down triumphantly over the employment figures. Meanwhile, in the real world, jobs are still being lost and Asda workers are paying the price of John Major's complacency."

Mr Williams has asked for a meeting with Asda to discuss the saving of jobs. Asda said yesterday it would attempt to redeploy some Lofthouse workers in its distribution operations and stores in the region, but this was likely to apply to only a small minority.

One shop steward at the factory said he was "stunned". "This is an area of high unemployment so I don't know what people will do. Entire families work here and it will be difficult to find other jobs."

Grey skies begin to clear for Major

Philip Stephens finds that after months spent in the darkness the PM now has a spring in his step

THE GREEN SHOOTS *had taken root at last.* The end was in sight for the Maastricht treaty. Ministers ordered champagne in the bars of Westminster. Mr John Major decided that it was time to start rebuilding his political authority.

For the first time in recent memory the prime minister this week had a spring in his step. After months of living in the shadow of his party's deep unease over the recession and its divisions over Europe he felt confident enough to set out again his own agenda.

Sketching his vision of Britain's future in Europe, he abandoned the ritual genuflections to the Tory Eurosceptics which have blurred his messege since last autumn.

He dismissed the Maastricht rebels as victims of the *nostalgia of empire*. His cruel image of Lady Thatcher, once the invincible Iron Lady, was of a phantom grandeur – "a clanking of unusable suits of armour". It was time for his opponents to catch up with Britain's place in the world – and in Europe.

Last night Mr Major underlined that he has turned his back on her economic strategy – above all on the calculated indifference to manufacturing industry which permeated the 1980s.

There would be no return to 1970s corporatism. But this government cared about the *manufacturing base*, new technology, the trade balance. No-one could imagine his predecessor telling an audience of businessmen that "everything we do has to be supportive of you".

Mr Major's new-found confidence rubbed off on his party at Westminster. The hard-core opponents of Maastricht will never be won over. But among the silent masses on the Conservative back benches, there was a sense that their leader was beginning to look again like a prime minister.

The general presumption is that the economic recovery will pick up speed over the summer.

Even if the recent falls in the jobless total prove temporary, the employment market may stabilise more quickly than was previously hoped. Consumer confidence should sustain the rise in retail spending. The pick-up in the housing market should reinforce the trend.

The completion this week in the House of Commons of its committee stage loosened the shackles of the Maastricht bill. There are hurdles still to jump – Lady Thatcher is promising a deafening onslaught from the House of Lords. But the treaty should be retified by late July.

So it was hardly surprising that the prime minister, who has spent most of the past year in headlong retreat, should decide that now was the time to declare that the tide has turned. As Mr Major toured the television studios one cabinet minister declared: "It can only get better."

Perhaps. But wise souls were counselling against premature euphoria.

The shape of the economic recovery is far from certain. At the moment it is being driven by consumer spending. The rest of Europe is in recession. Unless industry heeds Mr Major's exhortations to export and invest, the risks of an unsustainable widening of the trade gap and of another upsurge in inflation are obvious.

In the meantime, the government must find ways to meet the toughest limits on public spending for a decade. Cutting the health and social security budgets and curbing spending on the police and defence will not be without political cost.

Then there is Bosnia. The US administration seems poised to threaten military action against Serbian forces in the former Yugoslav province. Neither the government nor the Tory party can predict the consequences of Britain being drawn further into the chaos in the Balkans. No one doubts they are potentially disastrous.

But after the crises of the past year it would be churlish this week to deny Mr Major his celebration.

Hearing no evil: John Major watches an aircraft during his visit yesterday to the British Aerospace factory in Warton, Lancashire

Red Hot case goes to appeal

CONTINENTAL Television, the pornography satellite company, is to go to the Court of Appeal in an attempt to overturn the government's decision to restrict its programmes being received in Britain.

Two High Court judges yesterday refarred to the European Court the question of whether the government was entitled, *under European law*, to try to prevent the channel's Red Hot Television programmes being received.

Lawyers for the satellite company said they expected the Court of Appeal hearing to be held next week.

London bus crews to strike

LONDON bus crews will hold two more one-day bus strikes, on Monday April 26 and Monday May 10, the TGWU general union announced yesterday. The union has already held three such strikes in protest at wage cuts and longer hours.

Move on new home warranties

THE government has asked Sir Bryan Carsberg, director-general of fair trading, to make the National House Building Council amend its structural warranty scheme for new homes so that builders can use comparable alternative ones.

The change was recommended by a 1991 Monopolies and Mergers Commission report which found that the NHBC scheme operated against the public interest.

Telecottage start

THE Telecottage Association, which will offer training, marketing and low-cost equipment for hire to telecottages – small business centres in rural areas – was launched yesterday.

Edward Balls, a Financial Times economics leader and feature writer, was yesterday presented with the Wincott award for the young financial journalist of the year

Mayhew hints at new Ulster talks

By Ralph Atkins

A POLITICAL settlement in Northern Ireland should not be based on simple majority rule – and, if backed locally, needs to allow for future Irish unification, Sir Patrick Mayhew, secretary of state for the province, said yesterday.

In the first hints of proposals aimed at kick-starting talks on the province, Sir Patrick also envisaged greater co-operation "in all walks of life" between political institutions in north and south Ireland.

Speaking at the Institute of Irish Studies at Liverpool University, he included energy and transport policies, water management and research facilities as possible areas for co-operation.

Sir Patrick hopes to re-start formal talks with Unionists, nationalists and the Irish government after the province's May 19 local elections. He is drawing up outline proposals as a starting point for talks – ending a near silence by the government on specifics of Northern Ireland policy since the first set of round-table talks three years ago.

Sir Patrick balanced Unionist and nationalist aspirations and hinted strongly that he supports a central demand of Ulster Unionist MPs – the setting up of a Northern Ireland select committee at Westminster. He also ruled out Britain and Ireland having joint political authority in Northern Ireland.

The speech underlined the shift in Conservative thinking since the 1980s away from an overtly Unionist stance, towards a "neutral" role. But his plans may revive fears among Unionists that they have more influence to lose than gain from re-entering talks.

Sir Patrick said government systems based on simple majority rule "were not successful before and they would not be sufficiently acceptable now. Such a system in a divided society could simply not be relied on to provide a fair deal for both sides of the community or to command the allegiance of each."

He said the current status of Northern Ireland as part of the UK would not change without the consent of the province's population. But he added: "Correspondingly, there is no prospect of an agreement precluding a politically united Ireland if, at some future date, tha public's view should change."

Sir Patrick said there was a new "intensity" behind public calls for the resumption of political talks. He said the prospects for ending terrorism "would be dramatically improved by a political accommodation leading to political stability in Northern Ireland".

Press freedom bill fails to progress

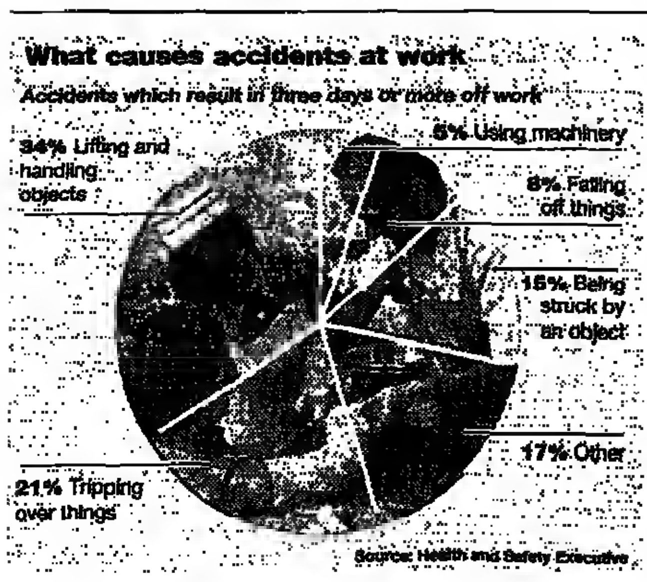
By Ivor Owen, Parliamentary Correspondent

THE PRIVATE member's bill seeking to establish an independent press authority made no progress in the Commons yesterday and has virtually no chance of becoming law.

Mr Clive Soley, the Labour MP who is chief sponsor of the Freedom and Responsibility of the Press Bill, repeatedly accused Tory backbenchers of deliberately denying it the time needed to complete the report stage by prolonging debate on an earlier measure.

His protests *were ruled out* of order by Dame Janet Fookes, the deputy speaker.

Mr Robert Key, junior heritage minister, reaffirmed that the government was opposed to the bill and said it needed further time to prepare its own proposals. These would be aimed at securing a proper balance between press freedom and the rights of the individual. Mr Key confirmed that the views of the Calcutt committee and recommendations by the Commons national heritage committee would be taken into account.



Employers feel a sharp pain from the bad back

Diane Summers on reasons behind the biggest ever health campaign

THE SINGLE biggest cause of absenteeism arising from a work-related illness or injury is the bad back. It costs industry about 3m working days a year.

This has sparked one of Britain's biggest ever health and safety at work campaigns under the slogan: "Is your business at risk through sheer bad handling?"

The Health and Safety Executive's campaign, launched tomorrow, is part of a three-year project aimed at cutting down on back injuries, as well as work-related complaints of the neck, shoulder and arms.

The executive says back injuries arising from workers lifting or carrying objects account for more than a quarter of all notifiable accidents at work. An average of 20 days off work is taken for each reported accident.

It adds that it is not only people doing heavy manual work who are at risk – nurses lifting patients can be injured, as can office workers moving equipment or even cartons of paper.

The statistics understate the extent of the problem, the executive says. Many lifting and carrying accidents go unreported either because they are relatively minor – but nevertheless disruptive – or because they are cumulative and do not show themselves for years.

The Manual Handling Operations Regulations 1992 – which came into effect on January 1 this year – spell out employers' legal obligations in preventing back injuries.

They oblige companies to: avoid the need for manual handling involving a risk of injury as far as is reasonably practicable; to assess manual handling operations where such handling cannot be avoided; and to reduce the risk to the lowest level practicable.

For small businesses, in particular, this may sound like yet more Brussels-inspired bureaucracy and form-filling. The executive says a written assessment is necessary "only if it is too complex to repeat when necessary" – presumably to explain to an inspector.

Consultants offering advice on the barrage of new health and safety legislation which came into effect from the beginning of the year should be viewed with some caution. The executive has warned that there are expensive and ill-informed cowboys about.

For companies planning to do their own assessments quickly and at minimum cost, the executive advises asking:

● Do any tasks performed in the company involve holding loads away from the trunk of the body, twisting, stooping or reaching upwards?

● Are loads heavy, bulky or unstable?

● In the working environment, are there *constraints on* posture or are lighting conditions poor?

● Do tasks endanger pregnant women or call for special training?

Any part of the operation which would lead to a "yes" answer will need action if employees are not to risk being added to the statistics.

Lighten the Load information pack for employers. Freephone 0800 500 565 from Sunday.

Sharp rise in shop sales raises hopes

By Emma Tucker, Economics Staff

THE GROWING belief that economic recovery is under way in the UK was boosted yesterday by the news that retail sales rose strongly last month.

At the end of a week of promising economic data, the Central Statistical Office reported that shop sales rose a seasonally adjusted 0.5 per cent in March compared with February, and were 4.1 per cent higher than in the same month a year ago. The year-on-year increase was the sharpest for four years.

The rise in sales volumes followed a 0.1 per cent increase in February and was the third consecutive monthly rise. In the latest quarter retail sales rose by 1.6 per cent compared with the previous quarter and were 3.3 per cent higher than the same three months a year ago.

The increase was more evenly distributed across the retail sectors than it was in previous months, with the non-food sector beginning to catch up.

Non-food sales rose by 0.4 per cent month-on-month to stand 3.5 per cent higher than a year ago, while food sales edged higher by 0.1 per cent compared with February.

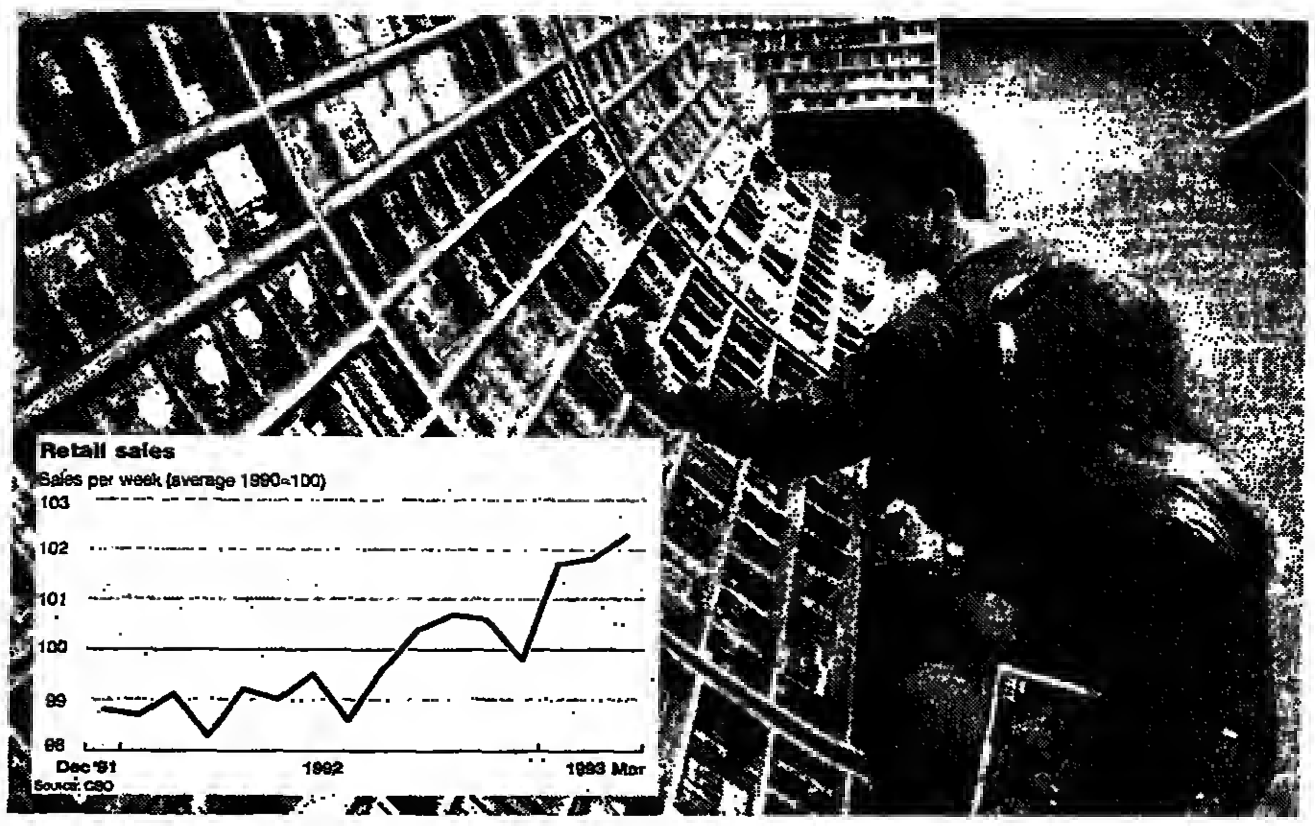
The British Retail Consortium, a trade body representing more than 90 per cent of the retail industry, said it was particularly heartened by signs of increased activity in sales of goods related to the housing market, such as carpets and furniture.

Sales of household goods rose by 2 per cent in the latest three months compared with the previous quarter, and were up 4.3 per cent on a year ago.

Clothing and footwear sales were also higher. They increased by 1.2 per cent in the latest quarter compared with the previous one, and were 8.5 per cent higher than a year ago.

The only sector to register a decline in the latest quarter was mixed retail businesses, which covers most types of department stores. Sales dropped by 0.3 per cent in the three months to March compared with the previous quarter but were up 3.6 per cent on a year ago.

The value of retail sales in March was a non-seasonally adjusted £2.65bn, 6 per cent higher than in March last year.



Lending fall shows demand still weak

By Peter Marsh, Economics Correspondent

A SURPRISE FALL in bank and building society lending to individuals and companies has underlined the fact that demand pressures are still weak in spite of signs of recovery.

Lending in March fell by £1.2bn compared with the previous month, after a £700m rise in February, according to figures released yesterday by the Bank of England.

Some of the seasonally-adjusted fall can be explained by large debt repayments in the manufacturing sector.

M4, a broad measure of money supply which takes in bank and building society deposits as well as notes and coins, rose by 0.7 per cent in March compared with February to show a year-on-year rise of 3.6 per cent.

Although this was higher than the year-on-year increase in February of 3.3 per cent, the figure is still only just inside the Treasury's "monitoring range" of 3 per cent to 9 per cent. That indicates relatively fragile demand for credit.

The British Bankers' Association said that last month the nine biggest banks which it represents received net repayments of £900m, after showing a rise in lending of £200m in February.

The association said manufacturers had repaid debts, on a non-seasonally adjusted basis, worth a net £1.4bn. This was the largest figure since it started records in 1986.

The repayment was boosted partly by many businesses having large amounts of surplus cash as a result of the large government deficit last month of £9.5bn. Another factor which had damped companies' need for borrowing was a run of rights issues.

Lending to individuals by the nine banks rose during the month by a relatively high £1.1bn, even though the figure was magnified by March being a month when quarterly interest payments become due.

Non-EC trade deficit narrows

By Emma Tucker, Economics Staff

THE UK'S trade deficit with countries outside the European Community narrowed slightly last month, with export volumes starting to benefit from the devalued pound.

In March the value of visible, or merchandise, imports from non-EC countries continued to exceed the value of exports but by only £918m. This compares with a visible trade deficit of £1.25bn in February.

Export values reached a record high of £4.7bn, suggesting that companies are taking advantage of the lower pound.

The trend was backed up by a similar rise in the volume of exports. These rose to a record high and were up 4.5 per cent in three months to the end of March, compared with the previous three-month period.

Import volumes fell marginally month-on-month but were also 4.5 per cent higher than in the three months to December. A 16 per cent increase in import volumes compared with the same period a year ago was consistent with evidence that the economy is recovering.

Excluding oil and erratic items, such as precious stones and ships, the Central Statistical Office figures showed that export volumes grew by 5.5 per cent in the latest quarter compared with the previous one. Underlying import volumes were up 3 per cent on the previous three months and 14 per cent on a year ago. Trends in export and import volumes for non-EC trade, excluding oil and erratic items, were rising at about 1 per cent every month.

The figures, which account for just less than half of the UK's total trade with the world, showed a big rise in the UK's trade deficit with North America. This widened from £256m in February to £320m in March.

The CSO stressed that it was not possible to deduce from the figures what was happening to trade with the EC. The first intra-community trade figures, measured by a new method, will be released on June 22.

The balance of trade with Europe excluding the EC improved slightly on the month, but the value of imports from these countries – mainly eastern Europe and Scandinavia – rose by 31 per cent in the latest three months compared with the same period a year ago. This compares with a 6.5 per cent increase in export values.

Export growth has been concentrated in basic materials and food, drink and tobacco. Import values have shown their strongest rises in basic materials and manufactured goods. Imports of manufactured goods rose 23 per cent in the three months to the end of March compared with the previous quarter.

VALUE OF TRADE WITH NON-EC COUNTRIES
Balance of payments basis seasonally adjusted (£m)

				ex oil and erratics*		
	Exports	Imports	Balance	Exports	Imports	Balance
1991	44,477	53,884	-8,407	38,289	45,252	-6,963
1992	46,573	56,510	-9,937	40,522	48,187	-7,665
1992 Q1	11,288	13,618	-2,330	9,832	11,550	-1,718
Q2	11,641	13,898	-2,257	10,106	11,820	-1,714
Q3	11,556	13,678	-2,122	10,048	11,676	-1,628
Q4	12,088	15,318	-3,228	10,536	13,141	-2,605
1992 Oct	4,021	4,828	-807	3,470	4,175	-705
Nov	3,968	5,045	-1,077	3,454	4,314	-860
Dec	4,099	5,443	-1,344	3,612	4,652	-1,040
1993 Jan	4,345	5,405	-1,060	3,764	4,561	-797
Feb	4,459	5,709	-1,250	3,822	4,705	-883
Mar	4,733	5,651	-918	4,028	4,692	-664

*defined as ships, aircraft, precious stones and silver

Unit trust funds at record

By Philip Coggan, Personal Finance Editor

UNIT TRUST sales in March reached their highest level since the 1987 stock market crash with funds under management reaching a record £70.7bn.

The UK's departure from the exchange rate mechanism has led to falling interest rates and increased share prices over the past six months. That has attracted savers away from the building societies and into equity-based investments. Unit trusts have reaped the benefit.

Gross sales in March were £1.75bn, the second-highest monthly total. After repurchases from investors of £1.03bn, net sales were £719m. About half of the gross sales came from private investors, the remainder from institutions.

Funds in the UK growth and UK equity income sectors achieved the best growth and net sales during the month.

Forging industry remains sluggish

By Paul Cheeseright, Midlands Correspondent

OUTPUT from the forging industry continues to languish in spite of evidence of improvement in the national economy.

Executives at the annual meeting of the British Forging Industry Association yesterday reported that after a 9.3 per cent fall in deliveries last year the domestic market remains sluggish while exports will be affected by the downturn on the Continent.

The performance of forging companies is a barometer of manufacturing fortunes. Nearly 55 per cent of forgings go to the car, commercial vehicle and tractor sectors.

Mr Graham Mackenzie, chief executive of United Engineering Steels, which accounts for about 45 per cent of UK production and exports 40 per cent of its forgings, said the fall in European car sales was "catastrophic". He did not expect recovery until "well into 1994".

He added that difficulties have been compounded in the truck sector by the problems at Leyland Daf, although the receiver had resumed production at the plant in Leyland, Lancashire. UES production so far this year is lower than 1992, Mr Mackenzie said.

Mr David Powis, director-general of the association, said export deliveries this year had been stable. Given the amount of orders from both foreign and domestic sources, he expects national output to rise in the middle of the year.

The association said total deliveries last year were 158,794 tonnes – less than 59 per cent of 1980's figure. Exports accounted for 18.5 per cent of production.

Although executives have been encouraged by the growth in domestic car production, the association said that "a year of slow recovery, punctuated with occasional setbacks, is the best that can be hoped for in 1993".

Intense price competition is expected, especially from Indian and Italian companies.

Building societies see steady upturn . . . but agents disagree

By John Gapper and Andrew Taylor

FURTHER EVIDENCE of a steady recovery in the housing market emerged yesterday when building societies disclosed that the value of house-buyers' commitments to buy mortgages rose for the second month running in March.

However, the reports below from FT writers in the regions show that many estate agents in England and Wales see only a patchy recovery and are cautious about house prices.

The rise in commitments to mortgages from societies emerged in spite of an announcement this week from the rival Abbey National, the mortgage lender, that it achieved a 60 per cent increase in its commitments in the first quarter.

Net new commitments rose to £3.09bn in March from £2.72bn in February and £1.55bn in January. However, the March figure was below that of the same month last year, when it was £3.46bn.

Mr Mark Boléat, Building Societies Association director-general, said reports of increases in activity suggested that lending would continue to increase.

Mr John Wriglesworth, UBS analyst, said the increase in net new commitments was significant in spite of the fact that the total for the first quarter was only £7.36m compared with £8.43m for the same period last year.

He said societies were clearly managing to increase their lending steadily in spite of competition from other mortgage lenders such as Abbey National and banks.

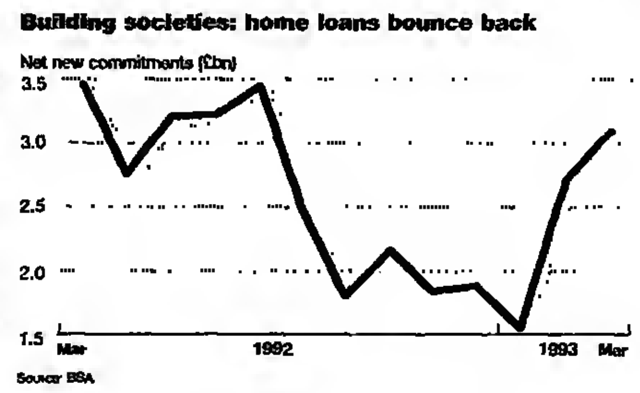
Mr Boléat said the rise in house activity had also helped societies to increase their inflow of retail funds because individuals selling homes had capital available to them.

Societies' net retail inflow in March was £249m, following an inflow of £206m in February and £363m in January. The total for the quarter at £820m was well up on the first quarter of last year, when societies achieved an inflow of £266m.

Societies are worried that they face strong competition for retail funds from the government's National Savings products and from equity products. Last year's total retail inflow of £225m was well below inflows in previous years.

Housebuilders have also reported significant increases in net reservations – agreed sales on which a deposit has been paid less any cancellations. A survey of 15 of the country's largest builders conducted by the Housebuilders Federation showed that net reservations rose by a third during the first 15 weeks of this year compared with the corresponding period in 1992.

The biggest rise in sales has been to first-time buyers. Recently there have been signs that sales of houses in the medium-price bracket have also started to improve, said Mr Joe Dwyer, chief executive of Wimpey, the housebuilder. He said: "We are pleased with progress but the improvement is from a very low base and it is still too early to talk of a sustained recovery. Nonetheless things are looking better."



Recovery in west remains fragile

By Roland Adburgham, Wales and West Correspondent

THE HOUSING market in south Wales and south-west England has stabilised but it is premature to talk of a firm recovery. Across the region, more interest is reported from buyers, but houses have to be at the right price to sell.

"Generally speaking there are more buyers around," said Mr Peter Mulcahy, principal partner of Peter Mulcahy, an independent chain of eight offices in south Wales. "Prices now are very realistically pitched, very much more related to what people earn, and allied to that are the low interest rates."

But Mr Carey Jones, director and general manager of Crown & Co, which has 16 offices in south Wales, warned: "What recovery there is is very thin. We have better figures than in 1992 but not as good as 1991, which was not a brilliant year by any stretch of the imagination."

Mr Justin James, associate partner of Stags, an independent group of seven offices in Devon and Somerset, said: "The recovery is sporadic, although in the cheaper price bracket there is more movement, reflecting the cheaper cost of borrowing. Pricing is absolutely crucial and if something is overpriced it becomes obvious very quickly." Job security, he said, was a more important factor now than interest rates.

Other estate agents confirm that the revival in the housing market is mostly confined to cheaper properties.

Mr John Hiles, partner of the 13 C J Hole offices in Avon, said: "We are seeing a lot more movement but it is in specific areas – the first-time buyers and even second-time buyers, but mainly confined to under £90,000. There is some movement above that, but negative equity is beginning to creep up as a real practical problem."

Houses for which estate agents have taken recent instructions, and are at 1993 prices, are beginning to sell quite quickly, especially new homes. "Developers are more realistic than some sellers on prices," said Mr Hiles. "At one show home last weekend we had 120 visitors."

But "old chestnuts", as one agent called properties which have been on the market for a year or more, will still not sell unless their prices are reduced.

Agents report that offers are now closer to asking prices, provided that the latter are realistic. Some estate agents are finding that there are more good buyers around now than good properties. Mr James said: "Across the board there is not much property coming on the market, particularly of country properties in the middle and upper ranges."

As yet, there is no upward pressure on prices. "There is no need or concern that they are likely to rise because there are an awful lot of properties on the market," said Mr Mulcahy. "Any building society which says that prices have risen by 1 per cent should be sent on the next rocket to Mars and left there," said Mr James.

'Greedy' property sellers cause fears in north-east

By Chris Tighe in Newcastle

NORTH-east England's estate agents are strikingly cautious about the apparent recovery in the housing market even though they are delighted at the increased sales activity of recent months.

Mr Stan Morville, managing director of Dollery Waller, which has eight branches in Teesside and south Durham, is refusing to accept instructions from would-be sellers who insist on an above-valuation asking price.

Mr Sam Smith, a Newcastle-based associate at Keith Pattinson, which has 33 branches in the region, talks with dismay of clients who have wanted to increase the price of their unsold homes.

There are fears that over-eager sellers could throttle house recovery at birth in a region with a big backlog of unsold properties.

Mr Peter Miller of Black Horse in Newcastle, who is also the national housing spokesman for the Royal Institution of Chartered Surveyors, warned, "The worst thing which could happen is for people to become greedy and over-optimistic; the market is extremely price sensitive."

In parts of the region pleasant homes in good order can be found for under £45,000; 60 per cent of Dollery Waller's sales in the first three months of 1993 were under this figure. But Mr Miller said because prices are now more realistic some first time buyers are leapfrogging the lowest rung and looking at properties in the £50,000 to £60,000 band.

He now detects virtually two markets: the unoccupied, possibly repossessed, property which may need some improvement, and the good quality, well-maintained home. It is the latter which are selling well.

Many agents would like more semis; Miss Ashley Hollingworth at Whitegates in Sunderland said semis in coastal areas are in demand. "People living there want to stay." In Newcastle, Mr Smith would like more larger, older houses up to £150,000.

Underlying these perceived shortages is concern about the level of new instructions. A few agents report a slight increase, under 5 per cent, others say the number is static.

Average selling times vary widely; Keith Pattinson has just sold for a house £155,000, asking price £158,000, which had been on the market two years. The sale of one semi in Redcar, Cleveland, was completed less than a fortnight after Dollery Waller listed it. Mr Smith suggests three months as an average selling time.

With agents pushing for realistic asking prices, and the market looking more active, many discounts are now fairly modest: on average, agents suggest, no more than 5 per cent on properties under £45,000, rising possibly to 10 per cent higher up the scale.

Midlands finds talk of price rises 'nonsensical'

By Paul Cheeseright in Birmingham

AT LEAST there is a housing market now - there was not in the autumn and the winter, said Mr Peter Veitch, a partner at Hadleigh Steven Viney, the Birmingham estate agent. "But we're quieter now than we were six weeks ago. That throws me slightly. It was a quiet Easter. It's quiet now."

The driving force behind the market is the growing demand for homes at low and medium-price levels, agreed estate agents in the west Midlands. By that they mean prices up to £100,000.

In the first quarter Dixons saw the number of its transactions running 15 per cent higher than last year. "The most interesting phenomenon," said Mr Bob Scarff, the managing director, "is that we're seeing more of people selling for the first time and staying in the buying market."

Mr Philip Amphlett, managing director of Andrew Grant, said: "People have been buying for the last four years out of necessity. Now we're getting people who are encouraged enough to start trading up again."

But agents can find little evidence to support building society surveys suggesting an increase in prices. "To suggest prices have gone up by over 1 per cent in a month is nonsensical," Mr Veitch said.

To some extent the slack appears to be tightening. Agents have much the same amount of stock as they had three months ago. Mr Les Hill, business manager of Birmingham Midshires Property Services, said: "In available properties we're probably keeping pace with what we started the year with. We have been instructed on more properties, but then we have sold more."

But this is not a sellers market. Buyers are "very canny indeed", Mr Veitch said.

Mr John Allen, area director of Shipways, Royal Life Estates, said: "Offers are still coming in below the asking price. We're trying to get our vendors realistic: it's supply and demand, isn't it?" He notes that "under £85,000, sellers are less likely to accept a reduced offer. At the top end buyers are less likely to offer the asking price".

Mr Hill suggested that although "there is a certain amount of chancing your arm", most deals conclude at about 10 per cent below asking price.

Of course, the asking price can change. Mr Scarff said: "Typically houses have been on the market three months before they're sold. But they're price sensitive. You can have one that's been on the market a year, then the price is reduced and it sells."

Studio apartment on south coast goes for £12,000

By Stewart Dalby in Brighton

INTEREST in Brighton is not right across the board but confined mainly to the middle price ranges – flats of about £60,000 and houses below the £120,000 mark.

Brighton has seen a strong surge of interest and viewing in the four months since Christmas, a modest increase in sales over the same period, but prices have yet to show any upturn.

Mr Andrew Garth of Austin Gray estimates that 80 per cent of properties in central Brighton are flats. "Prices at the peak for studio apartments started at £25,000. A lot of these and one-bedroom apartments came on the market. Many were bought with little equity. It is these that have crashed, and where recovery is slowest," he said.

"We sold a studio apartment two weeks ago for £12,000. Forget what you may have read about prices dropping by 25 per cent. For cheaper properties the falls have been more like 40 per cent since the top in 1988."

His office is selling about five properties a week compared with two a year ago. Selling time has come down from months to weeks.

At Fiveways, an out-of-town district of semis and terraced Victorian and Edwardian houses, , Mr David Andrew of Raymond Beaumont said: "I believe that after London and Croydon, Brighton suffered the worst number of repossessions in the south-east. These seem to be petering out."

In Fiveways the state of the housing market does not seem as bad as that in the centre of the town. A three-bedroomed house which would have sold for for £100,000 at the peak could now been bought for £75,000 to £85,000.

Mr Glenn Mishon of Mishon & Mackay has an office between the bedsit and apartment land of western Brighton and the leafy boulevards of Hove.

He said: We are doing double the business in terms of sales and viewings that we were doing last year. There are three kinds of buyers. First-time buyers who are looking to avoid the bottom rung and going for two-bedroom flats while prices are cheap. People who went into rented accommodation when they were repossessed, or could not afford the mortgage and want to buy again now that mortgages are cheaper than renting. Finally, there are people who want to trade up a little but not massively in case interest rates go up again."

Mr Mishon said properties between £60,000 and £200.00 are going within weeks. Anything over £200,000 is not moving at all.

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Prelude to recovery

THE PRIME minister's troubles are not over, not by any means, but the worst may be behind him. The outlook for Mr John Major this spring is less gloomy than at any time since Black Wednesday. He may not regain all of his previous authority for a while, perhaps not ever, but his chances of survival are high. The evidence that he is out of the woods, or nearly so, is mounting.

The UK economy is recovering. Mr Major cannot honestly claim the full credit for this. He opposed – indeed condemned out of hand – the policy change that made recovery possible. He failed to understand why it was impossible under the policy he did prefer. But he did have the wit to seize the opportunity given by sterling's abrupt and expensive exit from the ERM last September.

If the prime minister was not particularly wise, he has at least proved to be lucky. Monetary easing has been so sharp that some sort of recovery was inevitable. Today the signs are everywhere: in the housing market, in retail sales, in industrial output and even in unemployment. The upsurge may well prove steeper than was supposed by most forecasters, including the Treasury, earlier this year.

Luck cannot be relied upon, however, especially where British economic recoveries are concerned. Too many have ended in the same painful way, with excess consumption, balance of payments crises and rising inflation. The danger facing Mr Major is not that there will be no return to growth, but that it will not last.

Export-led growth

The British economy has the lowest underlying rate of inflation for close to a generation. But it also has close to the largest ever fiscal deficit in peacetime and a substantial current account deficit at the end of a deep recession. The government needs fast growth to provide a painless cure for the fiscal deficit, while such growth would exacerbate the external deficit. The way out must be export-led growth. But export-led growth means growth without soaring real wages. It means resisting excessive appreciation of sterling, if necessary by cutting interest rates again. It means closing the fiscal deficit aggressively. Above all, it means that this recovery must not end in a spurt of wage inflation. Does Mr Major have the mettle to achieve all this?

On past form the answer is, once again, mixed. The bill to ratify the *Maastricht treaty* is *past* the most difficult portion of its passage through parliament. It may yet suffer a reverse, but that looks unlikely. This is e tribute to the prime minister's persistence. A long drawn-out and debilitating episode that threatened to split the Conservative party is drawing to a successful close. It may not have been magnificently managed, but it has been managed. To mark the moment, Mr Major has embarked on a series of speeches that promote the positive aspects of Britain's membership of the European Community. Little that he has said is likely to play well on the Continent, but the endeavour may contribute to an eura of renascent leadership at home.

Challenges ahead

The pits closure episode is another case in point. The initial announcement that 31 coal mines were to be shut down at once was an error of judgment, for which Mr Major as well as the industry secretary, Mr Michael Heseltine, was rightly blamed. During the ensuing months it looked as if this might result in a wholesale retreat. In the event the government has saved most of its original strategy, albeit at a high cost in temporary subsidies. A trial of a similar nature is now about to be endured by Mr John Patten, the education secretary, as he wrestles with teachers who threaten to boycott tests of their pupils' performance under the national curriculum.

Other possible setbacks lie ahead. Liberal Democrats are the current favourites to capture Newbury from the government in the forthcoming by-election. That would further shave the government's already unreliable majority in the Commons. If the Danes surprise everyone by voting No to Maastricht in the referendum on May 18 the UK cabinet is likely to be divided about what to do next. Meanwhile the government's agonising over Bosnia, while understandable, does not enhance its reputation. As to later in the year, the government is already in retreat from privatising the Post Office and equalising the pension age. Its privatisation may prove to be what one of its critics has called "poll tax on wheels."

If the prime minister is to restore confidence in his ability to take difficult decisions he must first end the present uncertainty about who, if anyone, is to be reshuffled in his cabinet. Ministerial nervousness is contributing to a stultifying of the government's will to act. Mr Major has demonstrated his loyalty to his chancellor for long enough. The employment secretary has not been a success; the secretary for social security is not grasping any nettles. The foreign secretary should be kept in post as long as possible. Some cabinet ministers should go; some should be moved to new posts. A strong, reconstituted, and credible team is sorely needed.

In his first 100 days in office, Clinton has seemed determined to prove government can make a difference, says **Jurek Martin**

President's work in progress

The rush to judgment is now a permanent sprint. Bill Clinton's presidency was pronounced irrevocably dead – and alive – even before he assumed office, in its first days and round the clock, on the half hour, ever since. This has been more than usually evident this week, with 86 dead in the ashes of a religious fanatic's fortress in Texas, e jobs bill killed by 43 obdurate Republican senators and with a nation now conditioned to demand to know who was at fault.

But e presidency – as well as the political and national contexts in which it operates – is e permanent work in progress. Hindsight can always identify watersheds – Jimmy Carter's "malaise" speech in the summer of 1979 and George Bush's approval of the 1990 budget act increasing taxes can now be said to have definitively marked the beginning of the end of their presidencies. But Mr Clinton's first 100 days, a mere one-fifteenth of his first term and one-thirtieth of whet he might serve, are only up next week. Had he promised a rose garden, he would by now only have been able to deliver a few buds.

But even these demonstrate the enormous gulf between Mr Clinton and his predecessor, above all domestically. Mr Bush thought everything could be set to rights by a balanced budget amendment, the line item veto and a conservative Supreme Court, of which he had only the latter and then not consistently. It is, on the other hand, hard to imagine a problem, no matter how small, to which Mr Clinton could not come up with a programmed solution and even a means, probably a tax, to pay for it. And he will get the chance substantially to reshape the nation's highest court.

Government, in the Clinton doctrine, can make a difference. It may, as he frequently says, have to "get by on less", and its pockets, even in the great cause of aiding Russian reform, may not be too deep. But this does not invalidate its mission to lead by example and, where necessary, to intervene.

Thus, the first 100 days have been phenomenally busy. The single great achievement has been the passage by Congress of the broad outlines of the plan to cut the budget deficit substantially over the next five years. The truly hard parts – enacting specific tax increases and cutting spending programme by programme – still lie ahead, but the fact remains that for the first time since 1985 e president has proposed a budget that is not automatically "dead on arrival" on the steps of the Capitol. It is even possible that Congress will improve on it and cut spending even more.

But this has not been all. Also at home, Mr Clinton, under his wife's direction, has got stuck into the momentous issue of healthcare reform, with serious proposals due perhaps next month. He struck down Republican restrictions on abortion and in the labour market, obtained a family leave bill, committed himself to ending the ban on homosexuals serving in the military, instituted easier bank lending to small businesses, inserted the government into technological research and development, set up a civilian national service corps, mediated in the trees-versus-spotted owls dispute, promised to sign the international bio-diversity treaty, and more besides.

He has run a thousand hares already and if few are radical in themselves the collective impression is of a man determined to change the way the country looks *at itself and what it thinks it can do* for itself. It is an agenda as ambitious as the ideological Reagan revolution it is intended to reverse. All it lacks is the single-minded focus of the first Reagan term, opposition to which was made in any case almost impolite by the president's own brush with an assassin's bullet.

There have been setbacks, the most telling of which was this week's defeat of the jobs bill at the hands of a Congress run by Democrats. This was not supposed to happen in the first flush of Clinton's *presidency and so soon after* the great budget victory. The package may be dismissed as economically insignificant – et $16bn it is one-tenth of the size of that just proposed by Japan – but its demise in its proposed form serves as a potent reminder to the new president that working on Congress is a full-time occupation.

Successful presidents instil a mixture of fear and respect into Congress. So far Mr Clinton has earned respect for his marketing abilities but has not generated fear. He was *unable to scare off* the Republican filibuster, itself a remarkable display of solidarity by a party in search of a role and nervous of being blamed for yet more gridlock. Somehow the White House has to learn to overcome its understandable dislike of Republicans such as Senator Phil Gramm of Texas, a man with the voice of a dentist's drill and a personality to match, and come to terms with the crafty minority leader, Senator Bob Dole, so adept at making trouble if not courted or cowed. As a very practical politician, Mr Clinton should know about compromise.

Not that the Democrats are necessarily much easier, especially the new, independent-minded freshman class. Of the barons, Mr Clinton already has his hands full with the resentful Sam Nunn of Georgia on the gay question. Even George Mitchell, the faithful majority leader, Pat Moynihan, of the finance committee, and Dan Rostenkowski, powerful chairman of the House ways and means committee, have started muttering disapproval about value-added taxes and investment credits.

Nor has he yet found cruising speed with another important Washington institution with the power to wound – big media. The fact that he has held only two formal presidential press conferences so far puzzles many because Mr Clinton is so articulate when thinking on his feet, so much the stimulating contrast to the men who went before him. Press relations with George Stephanopoulos, the *smart and influential communications* director, are frequently fractious, while lesser White House lights, schooled by last year's electronically sophisticated election campaign, point out with scorn that it is now technologically easier than ever to bypass the Washington media establishment to get targeted messages across, which is exactly what Mr Clinton does all the time.

Indeed Mr Clinton is still playing pretty well in the heartland through his public speeches and other appearances, which repeatedly display his extraordinary ability to explain the complex in comprehensible and sometimes moving terms.

He is also making some serious friends et the state and local government levels, not simply by loosening the federal purse strings but by actively encouraging the sort of policy innovation that he feels appropriate for all forms of government. *This should* be *no surprise*, given his record in Arkansas and his recruitment to his cabinet of several members known for their state, not federal, experience.

But going over the head of Washington, where much policy and even more comment is minted, is risky, and in the capital his administration has already been stretched painfully thin. At the last count he had nominated barely a third of the approximately 3,500 senior political appointments in his fief and many of these had still not been confirmed in office, a handful because of the typically mischievous delaying tactics of Senator Jesse Helms, the conservative curmudgeon.

But ths real reason why this administration is barely formed is the determination of the White House (not the cabinet secretaries themselves) to follow ths president's instructions and form e government that "looks like America" in its ethnic, gender and geographic diversity, all minus skeletons such as *illegal nannies in their closets.*

The net result has been much resentment, some ridicule and, worse, the occasional acute embarrassment. Whole departments, most obviously Justice, have been mostly run by brand new cabinet officers assisted by Republican hold-overs, unaccountable political advisers and career civil servants without clout. This week's denouement in Waco found Janet Reno, the attorney-general fresh out of Miami and in office for barely a month, very short of institutional help; apart from a beleaguered FBI director assumed to be on the way out. She was admired for immediately taking full responsibility, Mr Clinton rather less so for waiting a day to say the buck stopped on his desk.

From the outset it was clear that Mr Clinton, though comfortable in a collegial environment, intended to take most of the big decisions himself. He was involved, endlessly, in the nitty-gritty of the deficit reduction plan, is becoming more immersed in healthcare and will *take nobody's recommendation on* trust for the vacant Supreme Court nomination, especially after two botched attempts to find an attorney-general. Cynics point out that the last president to try and do everything himself was Jimmy Carter.

Foreign policy clearly interests Mr Clinton, es it does every president, and his maiden voyage in it, to Vancouver with Boris Yeltsin, showed him at his subtle best, artfully disguising that the Russian president was the supplicant by apologising for submarine collisions and old but extant US anti-Soviet trade laws. His speech before the summit, explaining why aid to Russia was in the US vital interest, was among his most thoughtful.

But, mostly, the unwavering Clinton's external message is that US national security in the post-cold war era must increasingly have a predominant economic component, and his own involvement appears all the greater when this element is to the fore – in developing US competitiveness, pursuing more vigorons market-opening trade policies and assisting Russia. In contrast to Mr Bush he appears to take no particular comfort in the company of foreign statesmen, entertaining them either to businesslike lunches or, in the case of Kiichi Miyazawa, the Japanese prime minister, to a very pointed lecture on the way the world had changed.

With the additional current *exception of Bosnia, Mr Clinton has* chosen to leave most of the rest of routine foreign policy to his subordinates, under Warren Christopher, the very capable secretary of state, while the domestic agenda is being pursued. This neat division does not always work. The Vancouver summit and its Tokyo follow-up also preoccupied Lloyd Bentsen, the Treasury secretary, who knows more about twisting arms to Washington than anyone. There was no one of equivalent clout left behind to lobby for the jobs bill.

Mr Clinton seems perfectly comfortable in the presidency, relishing its challenges, and the nation more accustomed to him in it, even if it still harbours doubts about his character. The great question is whether this one-man band (and his formidable wife) can keep it up, especially if the domestic agenda, such as the budget and healthcare, gets shredded and if foreign affairs refuse to be neatly compartmentalised offshore. It could all end in tears, but for the moment, and for the next *100 days*, too, there *is* going to be more going on, for better and for worse, in America and its capital than most other places, much of it because of Bill Clinton. That would not have been predicted under George Bush.

MAN IN THE NEWS: ***Jacques Attali***

Jumping flash Jacques

David Marsh on the complicated boss of the EBRD

Mr Jacques Attali, president of the European Bank for Reconstruction and Development, enjoys a reputation spanning several continents for *grandeur* in intellect and lifestyle. But, even as the storm clouds gather above him, he can also demonstrate phlegmatic humour.

At a news conference at the bank's London headquarters on Thursday, the man to the middle of the controversy about EBRD overspending perched on the edge of e vast podium. It was as if a well-attired Sorbonne professor was doing his best tc approach a hevy of slightly unsavoury students.

Mr Attali, who describes himself first as e writer, and only second as the president of an internatinnal bank, acknowledged it was not the first time – and it would not be the last – that he faced criticism.

The expectant crowd of journalists were tossed some finely-packaged understatements. "It's nice to *see you all here today. But I would* have preferred to find other ways of doing our advertising."

He describes himself first as a writer, and only second as the president of an international bank

Two years ago, after serving for 10 years as special adviser to President François Mitterrand, Mr Attali was catapulted into the top job at the French-inspired bank, set up to channel western resources to the former Soviet bloc.

To weather the international rumpus which has surfaced over allegations of EBRD mismanagement, Mr Attali will need reserves of both humour and stoicism.

He will also have to draw on resources which, in a mercurial career on the international governmental circuit, he has so far displayed in abundance: a well-honed capacity for rapid thinking, and friends in high places.

The panache demonstrated et Thursday's press conference shows the quick-footedness is still intact. But, as irritation grows with Mr Attali's conduct among important EBRD shareholder governments, the friends are becoming a great deal thinner on the ground.

Described by his friends as a polymath visionary, by his adversaries as a jealous gadfly who plagiarises other people's ideas, Mr Attali attracts a welter of emotions. "Jacques is a genius," one European ambassador said yesterday. He then described his government's annoyance about the bank's high spending at a time of recession in east and west. "All that marble and glitter is the wrong signal," he said.

Indicating the problems sometimes touched off by Mr Attali's high-handedness, the diplomat added that he and others had been irritated by being kept waiting by Mr Attali at the ceremony inaugurating the bank's expensive new headquarters last month.

One important EBRD director, *who in the past has strongly* defended Mr Attali, pointedly said yesterday that Mr Attali lacked the "experience of running international and national hureacracies" to do his job properly.

Mr Attali, of febrile energy and hubbling mind, is a complex personality caught in a maze of contradictions. "He is a man of intelligence, culture and general aptitude," Mr Pierre Mauroy, President Mitterrand's first Socialist prime minister, said yesterday. "But he's more of a theoretician than a practical man."

"He's a man who provides ideas, but the problem is putting them into effect," said Mr Horst Teltschik, the former foreign policy adviser to Chancellor Helmut Kohl, who developed a good working relationship with Mr Attali during tha 1980s – including during the helter-skelter negotiations on German reunification.

Mr Teltschik, now a board member at BMW, ths Munich-based car company, recalls Mr Attali's proposals for the Group of Seven industrial countries to aid Bangladesh with a massive irrigation project. The proposals foundered on the complexities of rechannelling ths country's rivers on the borders.

Mr Attali's capabilities as a writer of books and film scripts are legendary, while his speeches simmer with proposals for curbing the dangers facing the world. In view of the threat that eastern instability could spill westwards, he says a post-cold war "cultural change" in Europe is in the west's best interests: "We need a consensus for action – to make people dream and be frightened of what could happen in the 21st century."

The contradictions surrounding Mr Attali focus on the nature of the bank's lending role in a difficult economic environment, as well as on the diverse expectations vested in it by its 56 shareholder governments. But, most of all, they concern the character of Mr Attali himself.

For long regarded as a power-broker who has used his closeness to Mr Mitterrand to further his own career, Mr Attali is starting to resemble a Machiavelli entangled in his own network of intrigue.

One of the more fascinating complexities concerns his own country. One banker in Paris yesterday said Mr Attali – born 49 years ago in Algeria into a French Jewish commercial family – remains an outsider on the French banking scene. "People believe he has come on too fast, that he's not a real banker."

The French capital is abuzz with "conspiracy theories", tha banker added, that the allegations of the EBRD's budgetary misdemeanours have been leaked by the British authorities. In view of the recent accession of a right-wing government in Paris, which has left Mr Mittarrand as Mr Attali's sole important protector, the revelations are hitting Mr Attali at a time of maximum vulnerability, the banker added.

Another Paris banking functionary says Paris financiers are displeased that the British government won the location of the EBRD in exchange for acceptance of Mr Attali as its first president. "The bank site is durable, but Mr Attali may not be."

Before he won the EBRD job, Mr Attali's ambition was to return to his previous university career. The varying nature of Mr Attali's talents was reflected in his biography written in 1985 of Sir Siegmund Warburg, the founder of the London bank which bears his name.

Mr Attali's description of the financier as "a man of influence...vigilant of the dangers in the world, a councillnr of princes" throws considerable light on his own personality.

The book has been criticised by some reviewers. But Sir David Scholey, chairman of S G Warburg, yesterday described the book as "a generous impression of Sir Siegmund". Sir David added: "The book showed a lot about Attali's fascination with the role of Jewish banking families over the centuries in the state finances and state affairs of Europe."

In at least one case, however, Mr Attali'e writing zeal has lengthened his list of enemies. He upset President George Bush with a book a few years ago predicting the US would decline under a mountain of debt, drugs and decay.

Within the bank itself, Mr Attali has a large number of supporters. Mr Ron Freeman, first vice-president in charge of merchant banking, who functions as joint number two to Mr Attali in the bank's hierarchy, says, "If I didn't approve of him, I wouldn't be working here. It's hard to imagine that anyone else taking over from day one could have got us so far, so quickly."

Mrs Margaret (now Baroness) Thatcher also had "e snaking admiration" for Mr Attali, according to Sir Charles Powell, now a director of London-based financial services company Matheson. "Mrs Thatcher is not dissimilar – she can also sometimes trample over people's feelings," he said.

Sir Charles, who as the former British prime minister's private secretary from 1974 to 1981 forged ties with both Mr Attali and Mr Teltschik, says of Mr Attali: "I like him very much. He's very exhilarating, stimulating, infuriating, volatile and difficult to pin down."

Sir Charles highlights the cultural differences which, allied to Mr Attali's impetuousness and lack of experience of running organisations, have provided a principal cause of the EBRD furore.

Reflecting on Mr Attali's well-publicised liking for executive jet travel, Sir Charles says: "He's a free spirit – he loves that sort of thing." In bilateral Anglo-French negotiations, "I would trundle over to Paris in British Airways tourist class, while Jacques would arrive in a presidential jet in Northolt aerodrome."

The same clash of national styles,

Attali, of febrile energy and bubbling mind, is a complex personality caught in a maze of contradictions

says Sir Charles, has led to the acrimony over the lavish *fitting out of* the EBRD building. "Attali is a man for the glory of France...He's entrenched in the tradition of the Versailles summit, extravagant public works on the back of national prosperity. And now he's come to a place with a different tradition."

Mr Attali's elevation to the helm of the EBRD two years ago seemed to catch the international mood. By appearing to ignore the shift to a less forgiving economic climate, Mr Attali may find, however, that the spirit of the times is moving against him. Practicalities, rather than vision, seem likely in future to provide the EBRD's guiding force.

Additional reporting by Peter Norman

The future of Abta is uncertain despite its record of success, writes **Michael Skapinker**

Rough road to journey's end

The 2,000 British travel industry managers converging on Majorca today for the 41st convention of the Association of British Travel Agents could be forgiven for interspersing their wining, dining and networking with a little self-congratulation.

Abta's system of financial protection has ensured that no package tourist has lost money through the collapse of a travel company for nearly two decades. A Mori survey of package holidaymakers last year found that 91 per cent had heard of Abta.

Despite this success, many attending the convention believe Abta needs radical change. Some of the largest tour operators and travel agents warn that if Abta does not become a much smaller and more focused organisation, they will leave.

They argue that Abta represents too many, often conflicting, interests: aggrieved consumers; large mass-market tour operators; small operators selling specialised holidays; travel agents with 600 outlets, as well as those with only one. Mr Mike Grindrod, Abta president, says the association finds itself representing holidaymakers with complaints, while providing legal assistance to the companies against whom the complaints are directed.

While some in the industry have voiced these concerns in the past, two recent developments have convinced many that Abta cannot continue as before. The first is the growth of the three largest travel companies - Thomson, Owners Abroad and Airtours. All have their own charter airlines. Thomson and Airtours own Lunn Poly and Pickfords Travel, two of the UK's largest travel agents' chains. Owners Abroad has links with travel agents Thomas Cook. Several executives with large companies believe they are so well known that their customers do not need the added reassurance of the Abta symbol on their brochures and in their offices.

Many tour operators and travel agents want Abta to become more focused

The second development is an EC directive which makes financial protection for package travellers a legal requirement, rather than a voluntary arrangement set up by groups such as Abta. All companies, whether Abta members or not, must now ensure customers can be repatriated or have their money refunded in the event of corporate collapse.

However, the UK government's implementation of the directive, which came into effect this year, has been criticised for not providing sufficiently strong consumer protection. Companies which do not belong to Abta can make their own insurance arrangements if they wish. These will be policed by trading standards officers who, Abta says, do not have the experience to judge whether the insurance is sufficient.

However imperfect the new rnles are, Mr Grindrod believes they signal the end of a 28-year-old arrangement known as "stabiliser", which meant that Abta tour operators could only sell their holidays through Abta travel agents. Travel agents, in turn, would only sell Abta members' holidays. In 1982, the Restrictive Practices Court ruled that "stabiliser" was in the interest of consumers because all the companies involved subjected themselves to Abta's financial monitoring and had bonds to protect customers in the case of collapse.

Mr Grindrod says because the new rules require all package travel companies, whether Abta members or not, to arrange financial protection for their customers, the courts are unlikely to allow "stabiliser" to continue.

Mr Noel Josephides, chairman of the Association of Independent Tour Operators (Aito), says: "If tour operators wants to sell holidays through a supermarket or an estate agent, there will be nothing to stop them."

Although the future of Abta will be the subject of intense discussion at the Majorca convention, no decision will be made until June, when members will vote on a proposal to streamline the association. If carried, Abta would cease to be a trade association attempting to reconcile its members' diverse aspirations. On policy issues, companies would be represented by more specialised associations, such as Aito, the National Association of Independent Travel Agents and the Tour Operators' Study Group, which represents large operators.

Abta members would still have to have bonds to protect customers but, in most cases, these would be arranged through other travel organisations. Members would have to abide by Abta's code of conduct which, in some cases, will be more stringent than required by law. For example, Mr Grindrod says that while travel companies are not legally obliged to have insurance against claims of negligence brought by travellers, Abta will require its members to do so. Abta will still deal with consumer complaints.

Opposition to the change comes largely from small travel agents. Mr Brian Cooke, managing director of Mersea Travel, with three shops in the south and east of England, wonders why members want to reduce the role of an organisation which is so well-known. "A lot of subscription money has gone into building a symbol which is recognised around the world," he says.

A senior executive with a large travel group says that while the Abta symbol is valuable it is not worth the membership fees that companies have to pay. Annual subscriptions for the largest companies go up to £35,000. Membership fees of a reformed Abta are expected to be far lower.

It is difficult to say which way the vote will go. If the reform proposal is defeated, some of the large members will probably resign. Mr Kevin Welsh, sales and marketing director of Pickfords Travel, says: "Given what we pay under the existing model, we wonld have to qnestion whether it's in our best interest to continne membership."

Mr Cooke accepts that defeat of the reform proposal conld mean that only the smaller travel agents would remain. He believes Abta would then become an even more effective representative of smaller companies. Whatever the result of the June vote, the next convention will be that of a markedly different organisation.

Test plan fails to make the grade

Britain's schools face a summer of discontent, says **John Authers**

The ruling by the UK Appeal Court yesterday that union action against school tests in England and Wales is not illegal presents Mr John Patten, the education secretary, with an uncomfortable choice.

He could persevere with the compulsory notional curriculum tests which have aroused the intense opposition of teachers, and led to the current threats of industrial action. That could throw the classrooms of England and Wales into chaos for the rest of this summer, as teachers boycott the tests, some heads and governors try to implement them and the hapless parents are left not knowing where their children stand.

Or Mr Patten could concede that the tests - which he admits are flawed - should be voluntary pending the review he has ordered into the national curriculum and its testing procedures. This would mean abandoning the testing programme for this year. While such a climbdown might appeal, ministers fear it would be seen as a defeat on the principle of a national curriculum and nationwide testing.

Schools showdown: classrooms in England and Wales could be thrown into chaos if John Patten presses ahead with curriculum tests

If Mr Patten decides to press ahead with the tests, he can expect no help from the courts. The Appeal Court ruled that the boycott on work connected with the curriculum tests, already started by the National Association of Schoolmasters Union of Women Teachers, is a legal trade dispute.

By linking the boycott to workloads, the NASUWT, one of two TUC-affiliated teachers' unions, has therefore found a formula for legal industrial action against the tests. A similar approach has also been adopted in ballots now being held by the National Union of Teachers, the UK's largest teaching union, and the moderate Association of Teachers and Lecturers, which is not TUC-affiliated. The NUT seems certain to vote for a boycott, while the ATL is likely to follow.

Mr Doug McAvoy, general secretary of the NUT, said: "Teachers will be delighted at the court's decision. They know the impact this irrelevant government imposed system of testing and assessment has had on their workload."

In the face of action from all three unions, the tests could not start in most schools. Only members of the Professional Association of Teachers, which refuses to take any industrial action, would be left to implement them - and the PAT has no members in many schools.

A long hot summer in the classroom therefore seems unavoidable.

Threats of other forms of legal force would probably only provoke teachers further. Mr Patten appears to have abandoned plans to make the boycotts illegal by changing legislation. Such a strategy would be difficult to implement and could provoke broader conflict with other unions.

His tactic at present is to apply pressure to headteachers and school governors, who are under a statutory duty to implement the tests.

However, this risks alienating two groups whose co-operation is essential if testing is to succeed. Mr John Sutton, general-secretary of the Secondary Heads Association, commented that heads do not need to be lectured by Mr Patten on their duty, while Mr David Hart, general secretary of the National Association of Head Teachers believes the government's tactics "smack of a macho approach".

Both organisations believe the tests to be flawed and it is difficult to see how they could be forced to implement them.

Pressure on school governors would also be an ineffective weapon. The National Association of Governors and Managers has believed for some time that the tests should be made voluntary, and reacted angrily to Mr Patten's suggestion that they should enforce them.

Mr Walter Ulrich, NAGAM's information officer, predicted "mass resignations" if governors were pressurised to implement the tests, pointing out that they are unpaid and have nothing to lose by resigning.

Exerting such pressure would also undermine the government's drive to encourage more parents to be governors.

Parents, alarmed that their children could be judged on the basis of flawed tests, also seem to be siding with teachers. In some parts of the country, such as London, teachers unions claim that parents are threatening to withdraw children from school on testing days. The National Confederation of Parent Teacher Associations is calling for the tests to be abandoned.

This leaves Mr Patten without an ally. The entire educational establishment, usually fractious and given to back-biting, is now in entrenched opposition to the tests.

For the secretary of state, this is all uncomfortably reminiscent of what happened in Scotland, where the combined opposition to testing of teachers and parents forced the Scottish Office to make similar tests voluntary. Worse, Mr Patten may now have painted himself into such a tight corner that the Scottish solution of making the tests voluntary could no longer be presented as a compromise. The stakes have risen too high to prevent such a move being perceived as a humiliating climbdown.

But if the introduction of the national curriculum, and the testing which accompanies it appears to have been mishandled, not all of the fault is Mr Patten's.

● The unwieldy form which the national curriculum has now taken on - a primary source of opposition among teachers and even supporters of the government's reforms - is partly the responsibility of Mr Kenneth Baker, the education secretary who introduced the national curriculum.

● The overloading of the national curriculum was exacerbated when one of Mr Baker's successors, Mr Kenneth Clarke, imposed league tables on schools, to be based on the test results. This meant that the tests were supposed to work as a yardstick for schools' performance, as well as providing a diagnostic tool for parents, and a broad indicator of national standards - a recipe for the unwieldy tests which resulted.

But Mr Patten has further alienated teachers, not least by his apparent aloofness and refusal - until quite recently - to meet any unions.

His stress on a moral, or value-laden approach to teaching has not helped. Teachers unions believe this is a distraction. Yesterday, he devoted the bulk of his speech at the Secondary Heads' Association to a talk on the duties of parents to ensure, among other things, that children did their homework on time. Other examples include his insistence that sex tuition should be given a "moral dimension" and that children should be educated in "standard English" and corrected when they speak ungrammatically.

Mr Patten has made concessions, but they have proved too little too late to persuade teachers to vote against boycotts in the current round of ballots. Results of the tests for English, which have aroused the most ire, will not now be published on a school-by-school basis. He has also announced a subject-by-subject review of the entire national curriculum by Sir Ron Dearing, former post office chairman and an impartial figure, rather than one of the right-wing educationalists who pioneered the reforms.

Mr Patten was also relying on the law to bail him out by forcing the teachers' unions to abandon their boycotts, and defuse the issue while the reviews continued. This hope was not unreasonable, since the tests are laid out as a statutory duty. Indeed, three moderate unions were advised by a leading, left-leaning barrister that a test boycott would not survive a legal challenge.

That hope has proved false, leaving Mr Patten to face his unpalatable choice. What seems certain, is that this summer's tests will either be reduced to a shambles, or they will not happen at all.

The sudden availability of imported goods has led to a spending spree by workers, writes **Tony Walker**

Consuming passion of Chinese shoppers

Young Mr Yang had no qualms about spending $50 on a pair of imported blue jeans, a month's salary for the average Chinese worker. Shopping this week at Beijing's smart, new Yaohan department store with its Gucci corner was, he declared, "chic".

Mr Yang, who described himself as an entrepreneur - a new class of cash-rich Chinese - was doing what millions of well-heeled young consumers do the world over. The difference in China is that opportunities for western-style consumerism have been extremely limited.

That is now changing rapidly, and the Yaohan store on Beijing's main boulevard is one of dozens of emporiums opening throughout China, offering a big range of imported items that have become status symbols in class-conscious Chinese society.

Producers of "brand-name" goods, who have long coveted the huge China market, are now flocking to the country in the hope of securing a niche. Among British companies seeking a stronger presence are Dunhill and Johnnie Walker.

The stark contrast between the Yaohan emporium and the neighbouring state-run Friendship Store reveals the enormous shift that is taking place in Chinese consumer patterns. Since it opened its doors in the early 1970s, the Youyi Shangdian was *the* place to shop in Beijing. Access was restricted to foreigners and a Chinese elite with foreign currency.

Ironically, the store, which had a virtual monopoly on items that foreigners might wish to purchase, was not very friendly at all. Staff exhibited a surly *fuwu taidu*, or service attitude, and little imagination was applied either to the display or range of goods for sale. Competition from the Yaohan store across the road and other modern shops has obliged the Soviet-style Friendship Store to become more competitive, and almost friendly, although old habits among the staff die hard.

The management is finding the going tough, and is even talking about holding sales, something that would once have been quite unthinkable. It has also been obliged to open the store to the masses who were previously held back by stern guards and an iron railing.

Said Mr Dai Zhi Guo, one of the store'a managers: "In order to survive in the sea of competition and business, we must open our doors." A sign of the tougher times are attempts to sell off the pair of giant ornamental bronze lions that "guard" the entrance, and have come to be regarded over the years as the store's trademark. Asked whether selling the lions - a price tag of Yn800,000 ($140,000) has been attached to one - is not a bit like pawning the family silver, Mr Dai replied: "Actually, we regard these lions as commodities."

At the Yaohan, where smiling and helpful shop assistants operate in a modern environment, the contrast could hardly be greater. Business is brisk, the store is crowded, and if there is a problem it is maintaining stocks. Among the frustrations of shopping in Beijing these days is that household items and electronic equipment sell out quickly, such is the weight of consumer demand. Items available one day are gone the next. There is hardly time to browse.

A recent survey by the Hong Kong office of McKinsey's, the management consultants, forecast that if China's economic growth continued to surge, a target consumer population those with annual income exceeding $1,000 would grow from the present 60m to 200m by the year 2000, making it a huge market, by any standards. Chinese consumers tend to have a relatively high percentage of disposable income, since housing, transport, education, and health costs are still heavily subsidised, although the authorities are intent on gradually phasing out subsidies.

Mr Li Wei, a senior manager at the Yaohan the store is part of a Japanese chain with outlets throughout Asia, in north and south America and in Europe said that on average between 50,000 and 80,000 customers passed throug the store each day, with a peak of 150,000 earlier this year. Mr Li still cannot quite believe that the store is proving such a success, or that Chinese consumers will be able to afford imported items. "I never expected to see things develop so rapidly - it'a unbelievable," he says.

*News this week that a state-*controlled Beijing real estate developer is planning a $1bn commercial redevelopment of one of the city's main shopping streets is yet another indication of anticipated rewards from satisfying pent-up consumer demand - bearing in mind that for decades the Chinese were deprived of quality items from abroad and had to make do with shoddy local products. But that too is changing. Chinese-made goods have improved, although styling still remains deficient in many cases.

United colours of money: Beijing shoppers revel in their new consumer society

The Friendship Store itself is due for a big redevelopment. Mr Dai said negotiations with a Hong Kong developer were in their final stages and he expected some $250m to be spent on redeveloping the store site, extending floor space from 9,000 square metres to 65,000 over five years.

This pattern is being repeated in cities and towns throughout China with old stores receiving facelifts, or being pulled down and replaced by *joint venture projects. Nanjing road*, Shanghai's main shopping street, is a good example of the rapid changes under way. Since the beginning of the year, Hong Kong's Sincere department store group has opened an emporium in Nanjing Road, and other outlets have appeared such as Benetton and Stefanel, among others carrying famous brand names.

At the Yaohan store, meanwhile, young Chinese seem enraptured by the Aladdin's Cave in which they find themselves; and even though relative to salaries - average annual per capita income in China is about $350 - prices are extremely high, many seem determined to buy, if only as a token of their visit to a consumer wonderland.

Typical was Miss Wei who was visiting Beijing from a provincial town where *gleaming temples of consumer*ism have not yet appeared. "I've been here twice before, but both times I left empty-handed. This time, I'll surely buy *something* - a pair of *stockings* at least - even if I have to grit my teeth to do it."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Outrageous, but at the same time entertaining

From Dr M J Brown.

Sir, I feel compelled to write a few words in snpport of Michael Thompson-Noel following the outraged letter from J G Freeland (April 17-18).

I admit that Mr Thompson-Noel is often outrageous and was wrong to attribute blanket low intelligence to National Hunt supporters (Hawks & Handsaws, April 10-11). After all, whatever it should be, intelligence is no guarantee against sensitive behaviour.

Notwithstanding, Mr Thompson-Noel *has made* me laugh aloud spontaneously more times than Mr John Major and he conveys to me the impression of *someone genuinely* disturbed by the poor health of our society and the archaic and often disreputable nature of many of our institutions. Long may his idiosyncratic imagination flourish, and away with Mr Freeland's complacency.

M J Brown,
Week Mill,
Germansweek,
Beaworthy, Devon

From Lawrence Connelly.

Sir, How sad that a Financial Times reader (J G Freeland, Letters, April 17-18) should so lack either a sense of humour or a sense of proportion that a couple of witty items by Michael Thompson-Noel should make him "see red". I, on the other hand, found the two pieces that offended him so entertaining that I extracted them from the paper for the benefit of any friends or relatives who may have been away or missed them for some reason on publication. Michael Thompson-Noel is consistently one of the most rewarding of columnists. Mr Freeland may well be right about "...a mediocre England" and the barbarians being at the gates. But the reason for this can be found in the greed and hypocrisy of the appalling 1980s and can hardly be laid at the door of unfortunate reporters of our decline, much though he may castigate members of a profession he finds distasteful.

Lawrence Connelly,
16 Beckenham Road,
Wickham, Kent BR4 0QT

View on health service moves misguided

From Mr David Blunkett MP.

Sir, Your editorial on private finance and the National Health Service (April 22) shows uncharscteristic naiveté. I was particularly surprised by your description of Labour's response to government plans as "depressing" and "reflex", since my statement on behalf of the Labour party did seek to draw a distinction between the positive role to be played in the NHS by expanded leasing-type arrangements and the problems associated with handing over key healthcare services to the private sector. Schames must be judged on their merits and their effect on healthcare, both short and long term.

To suggest as you do that the government's latest moves will begin to unleash new investment while protecting the NHS is simply misguided. It is true that Treasury pressure to cut public spending on health whila apparently increasing "real resources" is driving ministers to aeek more private finance. But in seeking to square this financial circle they are deliberately creating conditions for key NHS functions to be gradually handed over to companies operating outside the NHS.

The FT may approve, but I believe such a path will inevitably lead to a two-tier service and the erosion of free and comprehensive healthcare.

Something far more ideological is happening to Tory health policy than you suggest. For evidence I suggest that your readers examine the full text of junior health secretary Tom Sackville's speech or the pamphlet on this topic by David Willetts MP - the real agenda is not far from the surface.

With all this in mind I await with interest the speech by the health secretary, Mrs Bottomley, to tha Confederation of British Industry next month (since she seems completely unwilling to say anything to parliament on this topic). I suspect that my worst fears will be confirmed.

David Blunkett,
shadow health secretary,
House of Commons,
London SW1A 0AA

New approach is needed to art collecting

From Mr Roger Stiles.

Sir, I read Susan Moore's report, "The hammer falls on Spink", with interest, (April 22). There are a number of comments I would like to make. The growth of interest in the fine and decorative arts over the past decades has been a global phenomenon. However despite this, art finance has lagged behind.

The art world's most precious commodity is confidence *and that can only be sustained* by making the fine and decorative arts more accessible and understood.

Due to an emphasis on auction sales, distortions in some art markets have taken place with the bubble bursting as Susan Moore suggests at the end of the 1980s. This unsatisfactory state of affairs demands a new approach to art collecting for the 1990s and beyond.

*For it is only when the finan*cial risk in the acquisition and disposal of fine art and antiques has been minimised can one derive the maximum enjoyment from them. The answer is objective information and sound investment *strategies with access to the* latest financial instruments.

Roger Stiles,
managing director,
Fine Art Investments
51 Borland Road,
Teddington,
Middlesex TW 11 9HP

Riveting insights into life in the country

From Mr Luke Churchouse.

Sir, I have been studying, with awe, Brenda Polan's article, "Never wear you Barbour to shop at Peter Jones" (April 17). It was not until I was on the third reading that it occurred to me - for I am, you will understand, only a slow-witted countryman - that the fascinating people that Brenda Polan describes for us could well be related to Robin Lane Fox's celebrated friends, the Sloane-Wallys.

I do hope that this is so and that we are to be regaled with more riveting insights into country life in Hertfordshire, thet most rural of counties.

Luke Churchouse,
Stoodley,
Holne,
Devon TQ13 7RY

Paid does not necessarily mean earned

From D H Macpherson.

Sir, "Company chiefs accused of greed" said your headline (April 19). The "greed is good" culture, illustrated by some of the corporate excesses of recent years and so tellingly shown, albeit partly tonge-in-cheek, in the US movie Wall Street, is further "hyped" by so many articles in the financial press which say that the chairman of company A or the chief executive of company B last year earned £Xm. In the vast bulk of cases they did not "earn" that sum, they just happened to have been "paid" it.

D H Macpherson,
Corner Cottage,
6B Green Lane,
Burnham,
Bucks SL1 8DR

Rewe buys 26% of Budgens

By Andrew Bolger and Neil Buckley

REWE, one of Germany's largest food retailers, has bought a 26 per cent stake in Budgens, a small UK food retailing chain, in a move which could step up the European assault on the discount end of British retailing.

Rewe is a private company which operates 8,000 stores and has 15 per cent of the German food market. Budgens has 100 supermarkets, mainly in the south-east of England.

The German group paid £23.5m for the Budgens stake to BIL Securities, the New Zealand investment company founded by Sir Ron Brierley.

BIL and other institutional iuvestors ousted Budgens' management in 1991 and installed a new German chief executive, Mr John von Spreckelsen. He bas brought the struggling chain back to profit, but doubts have persisted about whether the group has a long-term future.

Mr Spreckelsen said said he would "look forward to developing the opportunities that will inevitably arise from surh a strong European connection". He said it was too early to say what Rewe intended, but they wanted to be supportive shareholders and there was obvious scope for joint sourcing.

The German company will put a representative on the Budgens board.

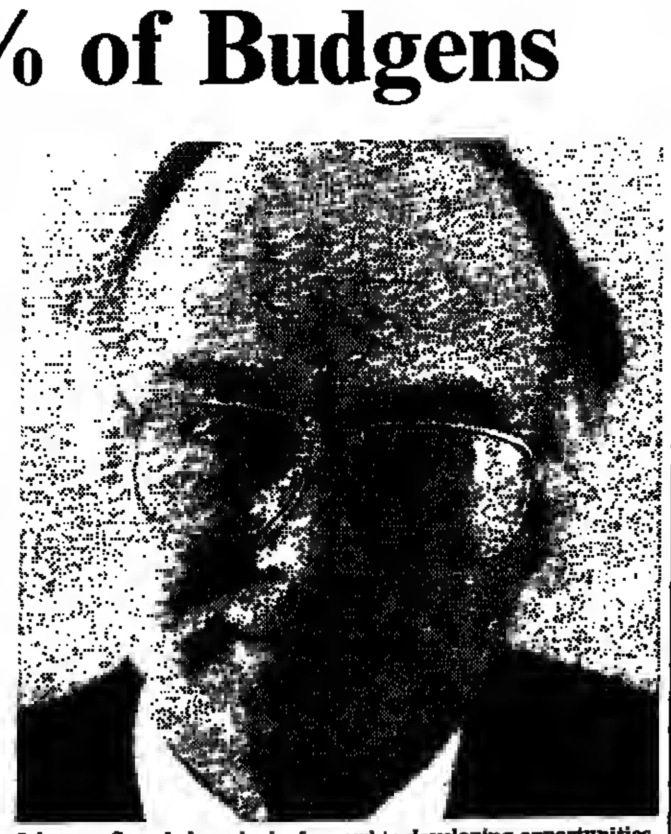
Rewe currently operates more than 1,400 discount grocery outlets called Penny-Markt, as well as supermarkets and hypermarkets. Several European discounters, attracted by the high profit margins available in UK food retailing, have opened stores in the last three years, making discounting the fastest-growing area of the UK food market.

Aldi, Germany's largest food discounter, opened its first stores in the UK in 1990, followed quickly by Netto of Denmark. They now have 63 and 45 stores respectively and have announced ambitious expansion plans.

Carrefour, the French retail giant, opened its first Ed discount store in Maidstone, Kent, in January, and there is speculation in the retail trade that other European groups such as Germany's Tengelmann, Lidl & Schwartz, and Norma, are investigating the UK market.

Rewe paid BIL 55p earh for the stake of 42.78m shares, a significant premium to yesterday's opening price of 48p. Budgens shares closed 3p higher at 49p. BIL paid an average of 32p per share, so it shuwed a paper profit of about £10m on its investment.

Mr von Spreckelsen, who introduced the New Zealand-based company to Rewe, said: "BIL bas been a very supportive shareholder. Their support for the company, in particular during the restructuring phase in 1991, has been outstanding. This said, we are delighted with Rewe's agreement to purchase and welcome them as new partners."



John von Spreckelsen: looks forward to developing opportunities

Russian crisis hits Moscow Narodny

By John Gapper, Banking Correspondent

MOSCOW NARODNY, the London-based trade and project finance bank, suffered a pre-tax loss of £321m last year because of the Russian economic crisis, it emerged yesterday at the bank's annual meeting.

The shareholders, led by the Central Bank of Russia, were told that it made provisions of £299m against doubtful loans in 1992, raising provisions to 75 per cent of the book value of its loans in the former Soviet Union.

The loss is the largest declared by a UK bank for last year, outstripping Barclays' £242m pre-tax loss. Although Moscow Narodny is owned by Russian institutions, it is licensed and supervised by the Bank of England.

The bank said it believed it was now adequately provided for its exposure in Russia, and believed that it would not need to raise the level this year. Some of the £241m total provisions on its balance sheet might be released.

Russia's state-owned Bank for Economic Affairs last year spent £147m and $177m in hard currency on new preference shares to restore the bank's capital. Combined with the fall in asset values, this has maintained capital strength.

The bank's capital to risk-weighted asset ratio – a measure of capital strength – fell from 46 per cent to 33 per cent but remains well above the minimum of 8 per cent required by the Bank for International Settlements guidelines.

Mr Eddie Khamoo, head of financial accounting, said the bank was now well-capitalised and it was unlikely to have to raise provisions against assets in the former Soviet Union this year even if economies deteriorated further.

Mr Khamoo said some provisions had already been released, because Bank of England guidelines on provisioning against Russian assets were strict.

"We were very prudent, and provisions are likely to go down this year," he said.

Mr AP Semikoz, the bank's chairman, said in the annual report that inflation of 1,700 per cent and the fiscal deficit in Russia had increased the bank's assets net of provisioning in the former Soviet Union from £554m in 1991 to £279m.

The bank reported a 15 per cent increase in operating profits to £12.3m. The loss before tax rose from £121m in 1991, while the post-tax loss increased from £119m to £316m. It did not pay a dividend.

Hi-Tec remains in loss and plans £5m restructure

By Angus Foster

HI-TEC Sports, the sportswear company, yesterday announced that it continued to lose money in the second half of last year and said it would restructure its European operations at a cost of about £5m.

One of Britain's largest sports shoe suppliers, Hi-Tec had hoped to return to profit in the second half after announcing interim losses of £2.8m. However, the company said that the second half would show a "relatively small" but "disappointing" loss when it announces results next month.

The shares, which have collapsed from 207p last May as problems mounted, dipped 1p to 42p. Analysts said the share price already reflected Hi-Tec's problems. These included the sudden resignation last month of two recently appointed non-executive directors, Sir Michael Edwardes, a former chairman of British Leyland, and Mr Richard Fenhalls, former chief executive of Henry Ansbacher.

No Hi-Tec officer was available to comment, but the company said in a statement that its UK operations continued to suffer from pricing pressures. The US division performed well.

In Europe, sports shoe operations had made "substantial losses" and the company said it planned important, but unspecified, changes. Analysts said this could mean a withdrawal from some European markets and a greater use of agents in Europe.

The company said these decisions had been taken before the year end and the restructuring costs of £5m will be taken in last year's accounts.

Hoare Govett, Hi-Tec's corporate broker, was forecasting trading losses of up to £3.5m for last year, but a profit of £5m this year.

Hi-Tec has also appointed Mr Peter Butler as group finance director, a position left vacant since February. Mr Butler, a former chief financial officer of property and agribusiness company Berisford, has been granted 400,000 options at 53p. These can be exercised at 80p or above in three years time.

Hi-Tec was left without non-executive directors following the two resignations, but is understood to be still trying to recruit replacements.

$105m US buy for Bowater

By Neil Buckley

BOWATER, the packaging and industrial films group, has acquired the Tower Packaging business from Baxter Healthcare of the US, in a deal worth $105m (£68m) over five years.

Tower, based in Mundelein, Illinois, makes medical packaging and film products, including surgical drapes, sterilisable bags and pouches, supplying 85 per cent of its products to Baxter. Bowater has acquired both its manufacturing licences and patents, and a long-term supply contract to Baxter.

Bowater said the acquisition would strengthen its position in the world healthcare market and complement its existing DRG medical packaging business, which it acquired in 1992.

"This is bulls eye where we want to expand," said Mr Michael Hartnall, finance director. "This is a high quality company with some good technology." Baxter decided to sell as part of its policy of reducing vertical integration.

Of the consideration $65m is payable on completion and $10m in each of the next four years. Although Tower's assets have a book value of $27m, Mr Hartnall said the premium was accounted for by goodwill and Tower's licences and patents, and he believed the price was a fair one.

It will be financed through debt, increasing gearing from 56 to just above 60 per cent, Mr Hartnall said.

Tower, which used to supply Baxter at or below cost, incurred an operating loss of $3.6m last year. But Bowater said that had all of its 1992 sales been conducted on the new terms agreed with Baxter, turnover would have been about $60m, with an operating profit of some $9m.

The deal is Bowater's second in three months. In February it announced the $434m purchase of Specialty Coatings International, the US coatings company, funded by a £295m rights issue. Last year it acquired DRG and Cope Allman, the cosmetics and pharmaceuticals packaging group, largely funded by a £333.5m rights issue.

Dissidents oust Etonbrook board

By Tim Burt

REBEL shareholders at Etonbrook Properties yesterday wrested control of the former BES company from the board, ousted the directors and pledged expansion with new capital.

The board's removal at an extraordinary meeting marked the climax of a bitter 10-month struggle and a victory for property dealer Mr Andrew Perloff, the rebel leader.

Shareholders with 51 per cent of the 2.9m voting shares backed nine resolutions dismissing the board and appointing the rebel leaders as directors.

Welcoming the result, Mr Perloff – who with his associates owns 29.9 per cent of Etonbrook – said he hoped to provide "an exit route" at 79p a share for investors wishing to sell.

When he purchased a 19.4 per ceot stake last summer, Mr Perloff paid 67p. The sbares closed down 2p yesterday at 77p.

Speaking after the meeting, Mr Perloff warned there was no guarantee that he would now make a bid for Etonbrook.

He pledged instead to concentrate on generating income from the rommercial property and warehouse portfolio and told shareholders that bankers had tentatively offered £10m to expand the business.

The outgoing board said the rebels had gained control "by the backdoor" and Mr Keith Moss, managing director, accused Mr Perloff of using the prospect of negotiating an agreed takeover to dilute opposition to his moves.

"We should have fought more aggressively. Shareholders were waiting for an agreed offer which wasn't forthroming," Mr Moss said. He also claimed the rebels had used delaying tactics during talks on a general offer so that the issue would not be resolved before yesterday's meeting, whirb was requisitioned last month.

Fighting the rebel action had cost the company np to £250,000 and prevented it from moving forward, he added.

Mr Perloff rejected the claims and blamed the delays on Etonbrook's failure to agree terms and a decision by the Takeover Panel not to allow a two stage takeover involving a partial offer at 79p followed by an offer for the rest at a price and time to be agreed.

The new board, meanwhile, announced plans to embark on a detailed study of Etonbrook's business and in partirular its relationship with Palmerston Investment Trust, which holds more than 1m preference shares.

Lopex bounces back and looks to resume dividends

By Catherine Milton

LOPEX, the communications group, returned pre-tax profits of £210,000 in the year to end-December against previous losses of £398,000.

Directors do not recommend a dividend, but said they would propose a final dividend for 1993 "in the absence of unforeseen circumstances". The last payment was a final for the 1990 year.

The preliminary results include a pro forma balance sheet adjusted for a £3.5m rights issue in February this year, which moved cash up to £7.89m (£4.35m), and the sale of its stake in a Dutch business.

Also long term obligations fell to £5.91m (£7.46m in the 1992 balance sheet) because of the conversion of a long term bonus for employees into shares. Investments fell to £2.13m (£2.27m).

Turnover, which includes the cost of advertising space ultimately paid by customers, fell to £146m (£206m). The company said stripping out disposals the comparative figure for 1991 was £155m. Revenue – commission on sales – fell to £41.1m (£58.7m).

Lopex made an exceptional provision for redundancy costs of £594,000 (£1.28m), partly offset by the release of a reorganisation provision of £421,000.

It also made an extraordinary provision of £548,000 (gain £1.86m) covering the loss on sale or closure of discontinued operations, including goodwill originally written off to reserves but included in the acquisition considerations.

The company paid interest of £950,000 (£2.03m), but after interest and dividends received the net charge was £693,000 (£1.49m). The company's share of profits in associated companies, less losses, fell to £105,000 (£316,000).

The loss per share fell from 4.76p to 0.21p.

Serco wins US naval base contract

By Angus Foster

THE MANAGEMENT contract for Diego Garcia, the US Naval base in the Indian Ocean which was used during the Gulf war, has been awarded to a consortium including Serco, the British facilities and project management company.

The seven-year contract, worth $160m (£103m), also covers support sites. The consortium is led by Burns and Roe Services of the US. But as Diego Garcia is British territory, at least 20 per cent of the contract has to be awarded to a British company.

Mr David Perkins, Serco's finance director, said it had less than a third of the contract, worth only £3m to £4m a year in turnover, but it was Serco's first large contract with the US military. Its shares jumped 38p to 988p.

Fitch losses widen to £3.9m

A SHARP RISE in exceptional provisions left Fitch, a provider of design services, £3.98m in the red at the pre-tax level for the year to end-December, against £417,000.

The exceptionals amounted to £2.43m (£1.18m) and related to redundancies, unoccupied properties, property revaluation and expenses connected with the financial restructure.

However, the directors said the benefits brought about by the restructuring were both concrete and substantial. The balance sheet had been "significantly reshaped and strengthened".

A share suspension last year had affected the second half with turnover for the year falling by 12 per cent from £18.1m to £15.92m, of which £1.62 related discontinued activities. Losses per share were 31.9p (9.4p) and again there is no dividend.

Reed Executive optimistic as losses are trimmed

By Catherine Milton

REED Executive, the employment agency, slightly reduced pre-tax losses to £7.33m in the year to December 27, compared with £7.89m in the corresponding period.

Reed, which changed its year end from March to December, said turnover dropped to £82.3m (£87.8m). The dividend was again passed and losses per share were redneed to 11.2p (12.9p).

The company made an exceptional provision of £3.91m (£1.64m), to cover surplus property costs associated with those vacated or sold, and redundancies.

Reed had £633,000 worth of cash at the year end and no borrowings.

Mr Alex Reed, executive chairman, said: "The really good news is that since the beginning of this calendar year, losses have been reduced dramatically." Management accounts showed a loss of just £150,000 (£1.72m losses) for the first three months, with a small profit in March.

He said he would be "very disappointed" if the company failed to make a profit this year, although the first half would probably be near break-even.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Air London §	int	1.6	June 11	1.6	-	3.5
Berry Starquest	fin	2.2	June 9	2	2.2	2
British Assets	int	1.07	July 7	1.04	-	4.19
Brit Empire Secs	int	0.25	June 11	0.25	-	0.89
Cap Regional §	fin	0.8†	-	0.7	1.1	1
Fleming Con Eur	fin	2.7	July 27	2.2	2.7	2.8
Govett Oriental	fin	0.55	July 1	0.525	0.95	0.9
Holt (Joseph)	fin	31	June 18	26	41	35
Investors Cap	int	1.275☆	June 9	1.275	-	5.1
Jones Group	fin	12.5‡	-	12.5	12.5	12.5
Jupiter Tyndall	fin	4.5	June 30	3	7.5†	5
Linton Park	fin	11.5	July 20	10.5	14	13
Slingsby (HC)	fin	5.5	July 2	5.5	7.5	7.5
Usborne	int	0.2☆	July 1	0.2	-	0.4
VTR §	int	1.2	June 1	1.2	-	3.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Second interim. ‡Irish pence.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	¼	⅛	Anglo Utd Warrants	⅛					
170	F.P.	-	218	183	Brown (D)	214		W6.0	2.4	3.5	15.2
100	F.P.	-	160	160	[illegible]	160					
-	F.P.	-	105	98	For & Col US Smlr Co's	102					
-	F.P.	-	42	33	Do. Warrants	41					
135	F.P.	-	146	143	[illegible]	143		W6.2	2.4	4.5	13.8
125	F.P.	-	218	163	[illegible]	213		W3.7	2.3	2.2	19.8
-	F.P.	-	100	95	Pilot Inv. Trust	97½					
-	F.P.	-	57	49	Do. Warrants	50					
180	F.P.	-	538	383	Quality Software Prods	425	-4				24.1
240	F.P.	-	295	293	Westminster Water	295		W6.75	3.7	1.8	18.8
110	F.P.	-	141	135	Yorkshire Food	135		W2.88	2.8	2.7	15.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100	F.P.	-	102½	101½	[illegible]	102½	
100	F.P.	-	104½	101½	[illegible]	104½	
100	F.P.	-	125½	122½	[illegible]	125½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
550	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
53	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
265	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
50	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
23	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
340	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+½
200	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
92	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
50	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
80	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1
150	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+1
5	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+2½
33	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
265	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

b Figures based on prospectus estimates. [illegible]

TRADITIONAL OPTIONS

- First Dealings April 5
- Last Dealings April 23
- Last Declarations July 15
- For settlement July 26

3-month call rate indications are shown on page 9.

Calls in Avesco, Densitron Intl., French Connection, Greycoat, Marshalls, McCarthy & Stone, NMC warrants, Ratners, Regalian Props., Tarmac, Vistec and Wace. Puts in BM Group and Sturge. Doubles in BM Group Pref., Greycoat and Ratners.

NEWS DIGEST

Linton £8m back in the black

LINTON PARK, the tea and coffee producer and importer and exporter, made a pre-tax profit of £7.66m in 1992, compared with a restated loss of £1.16m following the adoption of FRS 3 accounting standard.

Exceptional items in 1991 included £5.5m written off an investment in an associate in course of disposal previously classified as extraordinary less £2.07m minorities.

Operating profit this year rose from £6.43m to £9.06m on turnover of continuing operations of £129m (£124.3m). There was a £500,000 profit on fixed asset investment.

Earnings were 31.8p (restated lossea 17.3p). The final dividend is 11.5p for a 14p (13p) total. The ultimate holding company is Lawrie Group.

Pressure on margins affects Air London

Air London International, the USM-quoted air charter broker, blamed the continuing downturn in activity and increased pressure on margins for a decline in profits in the six months to January 31.

On turnover down from £7.2m to £6.95m the pre-tax result fell to £411,000 against £671,000.

Earnings emerged at 3.17p (5.03p) and the interim dividend is held at 1.8p.

Jones Group slips to I£3.06m

Jones Group, the Dublin-based metal engineering and shipping group, reported a fall in pre-tax profits from I£3.45m to I£3.06m in 1992.

Turnover improved slightly, from I£97.5m to I£101.3m.

There was an extraordinary charge of I£7.52m. Earnings slipped to 18.9p (20p) and the dividend is being held at 12.5p.

Dragon Oil will have £36m value

Dealings in Dragon Oil, formed through the takeover of Kirkland by Oliver Resources, are expected to begin next month in Dublin and London.

Dragon has ronditionally agreed to raise £4m through a plaring at 2¼p per share. A maximum of a further £4m will be raised by an open offer to shareholders at 2¼p on the basis of one-for-seven shares held. Based on the issue price, Dragon will have a market capitalisation of £36m.

Improving trend continues for VTR

VTR, the USM-quoted video editing group, improved its profits in the first half to February 28 1993, against the previous six months, and said the trend had continued into the present period.

Pre-tax profit for the opening half reached £202,000, against £158,000 in the preceding six months and £276,000 in the corresponding period of 1992.

Earnings per share came to 1.7p (2.4p) and the interim dividend is unrhanged at 1.2p.

Joseph Holt 11% higher at £7m

Joseph Holt, the Manchester-based brewer, continued its growth in 1992 with turnover rising 14 per cent and pre-tax profit inrreasing 10.5 per cent.

Turnover came to £25.7m (£22.5m) and profit to £7.04m (£6.37m).

Earnings per share worked though at 154.49p (135.99p) and the dividend is stepped up to 41p (35p) with a final of 31p.

Floating in on the crest of a wave

Andrew Bolger on OGC's imminent plans for a stock market quote

OGC International, an Aberdeen-based contractor which provides ronstruction and project management services to oil and gas companies in the North Sea, is to be floated with a market value of about £75m.

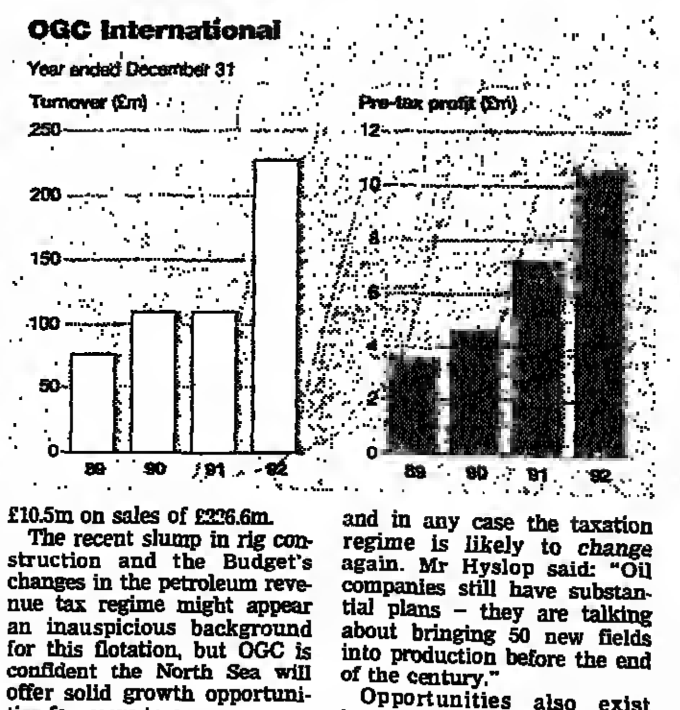
Its parent, Fairhaven International, the specialist oil contractor controlled by Mr Fred Olsen, the Norwegian shipping magnate, is retaining a 60 per cent stake in the company.

Fairhaven wants to invest part of the proceeds in its US onshore construction business. As a Bermudan-registered company quoted in London, it also had strong advance corporation tax incentives for floating, since UK investors were subject to double taxation on their dividends.

The 40 per cent stake in OGC which is being offered for sale comprises 24m ordinary shares, half of which will be firmly placed with institutions, and half offered to private investors. In the light of the success of recent flotations, the Stock Exchange insisted that the retail element be increased to 50 per cent of the offer.

OGC's principal operating subsidiary, AOC, was established in 1976. Its original expertise lay in managing the "hook-up" stage of a platform's construction, when life-support, drilling, oil and gas processing equipment are brought together to begin production.

Since the mid-eighties, the company has moved towards doing more modification and safety-related work in the post-production stage. In 1989, OGC made pre-tax profits of £3.6m on sales of £76.21m. A surge of investment in new platforms and improved safety at the start of the nineties saw last year's pre-tax profits reach £10.5m on sales of £226.6m.



The recent slump in rig construction and the Budget's changes in the petroleum revenue tax regime might appear an inauspicious background for this flotation, but OGC is confident the North Sea will offer solid growth opportunities for years to come.

Mr John Hyslop, OGC's managing director, said the taxation changes had favoured the bigger oil companies with established fields, his group's main costomers. There were now greater incentives to extend the life of existing fields with new equipment and exploit marginal fields by hooking them into established platforms – installations which OGC had specialised in.

OGC concedes there is a longer-term threat posed to North Sea activity by the downturn in rig building and the changes in PRT, which mean that exploration costs can no longer be offset, but believes there will be no shortage of opportunities in the medium term – and in any case the taxation regime is likely to change again. Mr Hyslop said: "Oil companies still have substantial plans – they are talking about bringing 50 new fields into production before the end of the century."

Opportunities also exist beyond the British sector of the North Sea. In September OGC acquired what it described as a "toehold" in Norway through a joint venture. The company hopes to get a bigger share of work in that sector as the Norwegians become less protectionist in their approach to EC membership.

The UK group is involved on hook-up work on a platform off western Australia and has formed a joint venture to bid for work in Malaysia. It intends to use Australia as a marketing base for a push into the Pacific Rim countries, which have the world's fastest-growing market for oil and gas services.

OGC has no plans to work in the US, which is Fairhaven's main focus of interest. Fairhaven has undertaken not to compete with the UK group in either the geographic or business areas in which OGC currently operates.

Nearer to home, OGC hopes that its close working relationship with the major oil and gas companies could lead to more onshore work. The group has already worked on the expansion of BP's oilfield at Wytch Farm in Dorset and Total's gas terminal at St Fergus in north-east Scotland.

Mr Hyslop believes that the safety and timetable disciplines which OGC has learned to work to offshore could easily be transferred to doing safety and maintenance work in onshore sites such as petrochemical plants.

Last year OGC had an average of more than 4,000 employees, comprising about 150 in management and administration and the rest project personnel on contracts. The group also maintains a computerised register of about 25,000 personnel.

After the flotation, which is being sponsored by UBS, the UK company will receive payment of a £6m inter-company loan from Fairhaven, which will leave OGC with net cash in its balance sheet.

The price of OGC's shares will be set on May 7, the offer will close on May 19 and dealing is expected to begin on June 1.

Last year the group earned 10.9p per share, but turnover was boosted by an exceptionally high level of activity in the North Sea. The price is likely to be adjusted to reflect that, but a fairly modest multiple of 12 times earnings would value the shares at about 130p and the group as a whole at £78m.

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COMPANY NEWS: UK

Cleaning up for the market

Maggie Urry reports on Sir Phil Harris's float of Carpetright

Trevor Humphries

Sir Phil Harris (centre) with Ian Sneyd (left), finance director, and sales director John Kitching

THE re-emergence of Sir Phil Harris as chairman of a quoted company, through the flotation of Carpetright of London, due in the early summer at a value of around £75m to £100m, will bring back many memories for investors. Some of these will be happy, some less so.

Sir Phil seems determined that he will avoid some of the problems of his former company, Harris Queensway. That was eventually taken over for £450m in 1988, though not until Sir Phil had attempted a management buy-out.

Some investors who sold out when Sir Phil did made money, although Harris Queensway's peak market value was £600m before the 1987 crash. Those who stuck with Lowndes Queensway, as it became, lost their money when it failed in 1990. High interest rates put up the cost of its debt at the same time as hitting consumer spending.

Even before the takeover, Harris Queensway was a classic 1980s retail story. It had expanded rapidly through takeovers – Sir Phil says he did 38 in all – and outside its original focus of carpet retailing.

This time round, says Sir Phil, Carpetright is a "clean company". By that he means "no takeovers, all the shop leases are straightforward, new store opening costs are all written off at the time, any stock losses are taken straight away. It's a very simple structure – there's no complications".

Carpatright, he promises, will stick to selling carpets and not move into areas such as furniture, electrical goods, discount shops, even toys as Harris Queensway did. Takeovers are out, except for buying stores. For those of Sir Phil's followers who regard him as the "carpet king" that will be reassuring news.

Carpetright dates back to 1988, soon after the Harris Queensway takeover. Sir Phil refused to sign a non-competition agreement and was rapidly back in business. Because store sites were hard to get then, Carpetright was a joint venture with MFI Furniture, the retailer which floated last year, and opened stores on MFI sites.

At first Sir Phil did not take executive control, but early losses and the need for extra finance brought him back to the chief executive job three years ago. He brought in a number of colleagues from Harris Queensway days.

Since then profits have risen sharply. A pre-tax figure of £351,000 in 1990-91 rose to £2.8m the next year. That was beaten in the first of the current year (to end April) when profit reached £3.4m. The full year's figures will be shown in the prospectus, but analysts are looking for over £7m.

Sir Phil takes pride in saying "we've done it through a recession." The chain is now second place in the highly fragmented carpet market, and Sir Phil has plans to open another 22 to 25 shops a year, taking the total from the current 115 to 200 in the next three to four years.

That would take Carpetright's market share, he reckons, from 6 per cent to 12 to 15 per cent, giving it market leadership. It could be achieved with little addition to central costs, he believes, and the implication is that profits growth will continue rapidly.

All that growth will be internally financed, he says, and the group has no debt. He also promises that given Carpetright's strong cash generation, "we will be generous with dividends".

The outlook seems rosy. But investors tempted by the float may have a few concerns. First, Sir Phil's plans go no further than the 200 store target. After that, he says, there are no further economies of scale to be gained from suppliers.

He has vague ideas about moving into Europe but nothing concrete. While this is not a matter for immediate concern, the history of retailers moving abroad is not good and Sir Phil's experience outside the UK is slim.

There is also the question of MFI's position. It still holds a 20 per cent stake in Carpetright and has yet to decide whether to sell its shares in the flotation. It would seem odd for MFI to retain a 20 per cent stake without keeping a seat on the board.

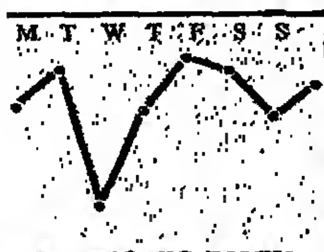
Sir Phil is determined to avoid problems of old. This time round Carpetright is a "clean company . . . no takeovers, all the shop leases are *straightforward*, new store opening costs are all written off at the time, any stock losses are taken straight away. It's a very simple structure – there's no complications".

Mr Derek Hunt, who was chairman of Carpetright, and his colleague, Mr John Randall, who was a non-executive director, have both left the board. Mr Hunt says that they did not want to get involved in another float and were anxious to devote their time to MFI.

Sir Phil, his family and his charitable trusts will own about 40 per cent of the shares. However, this proportion is likely to reduce, as the charities sell shares to raise money. The prospectus will also say that Sir Phil could sell a limited number of shares each year for tax planning and charitable reasons.

Investors with long memories may need a little more reassurance about the strength and depth of management, and the financial controls at Carpetright, two perceived weaknesses of the former Harris Queensway.

On the plus side, as well as the projected growth in profits, there is the near perfect timing of the float just as the economic recovery appears to be getting underway. There is little doubt that so long as the issue is correctly priced, and the recent recovery in the housing market does not suddenly reverse, the float should be a success.



ECONOMIC DIARY

TODAY: Islamic foreign ministers meet in Islamabad (until April 29). Informal meeting of European Community foreign ministers in Denmark (until April 25). Abta convention in Mallorca (until Friday).

TOMORROW: National referendum in Russia on a vote of confidence in Mr Boris Yeltsin, Russian president.

MONDAY: Central Statistical Office issues figures for gross domestic product (first quarter-preliminary estimate). European Community agriculture council meets in Luxembourg. An international symposium in Tokyo on the problems and outlook of the world economy with officials from the US Federal Reserve Board and Japan's finance ministry. Institute of Directors issues business opinion survey.

TUESDAY: Confederation of British Industry publishes industrial trends survey (March). US consumer confidence (April). Institute of Directors holds annual convention at the Royal Albert Hall, London. Zimbabwe hosts international trade fair billed as Africa's biggest in Bulawayo (until May 2).

WEDNESDAY: New construction orders (February-provisional) and bricks and cement production and deliveries (first quarter). Mortgage possession statistics (first quarter). Start of two-day Financial Times/Centre for the Study of Financial Innovation conference "New directions for the 90s" in London.

THURSDAY: Energy trends (February) from the Department of Trade and Industry and new vehicle registrations (March) from the Department of Transport. Overseas direct investment (1991) from the Central Statistical Office. European Community research ministers meet in Brussels. US jobless claims; gross domestic product (first quarter-advance); new home sales (March). Interim statement from ICI. Barclays Bank holds annual meeting.

FRIDAY: Summit of Commonwealth of Independent States in Yerevan, Armenia. US factory orders (March); personal income (March). MMC report on restructuring of the gas industry presented to Ofgas. Virgin Radio starts broadcasting.

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons	550	45	55	62	20	23	33
(*580)	600	19	32	42	48	53	60
ASDA	67	10	13	-	4	7	-
(*71)	78	6	9	-	9	12	-
Brit. Airways	280	26	28	32	18	22	28
(*283)	300	12	18	24	30	33	37
SmKl Bchm A	460	26	38	50	35	45	51
(*448)	500	13	24	33	63	69	75
Boots	460	50	62	67	10	16	21
(*492)	500	25	38	44	28	32	39
B.P.	280	29	29	34	11	19	20
(*250)	300	13	19	29	21	27	30
British Steel	90	10½	13½	16	5	10	11
(*93)	100	5	8	11½	13	15½	17
Bass	500	60	72	77	7½	14	23
(*546)	550	26	41	48	26	33	46
C & W	700	44	58	69	28	38	44
(*715)	750	21	36	45	57	65	73
Courtaulds	550	30	46	53	26½	35½	42½
(*557)	600	10½	24	32½	60	65½	71½
Com. Union	580	58	63	-	12	21	-
(*615)	620	28	38	-	33	42	-
GKN	460	27	34	-	17	28	-
(*464)	500	11	17	-	43	53	-
I.C.I.	1250	74	90	113	53	79	90
(*1257)	1300	47	67	90	77	108	118
Kingfisher	600	10½	24	53	90	65½	90
(*600)	700	7	13	20	85	95	130
Land Secur	500	53	36	41	18	30	36
(*524)	550	7	14	20	55	53	57
M & S	330	28	37	43	9	15	18
(*351)	360	11	31	28	34	38	32
Sainsbury	460	34	45	53	18	29	30
(*474)	500	13	28	34	43	47	51
Shell Trans.	500	38	48	51	11	20	24
(*506)	550	12	19	26	38	48	51
Storehouse	200	17	22	28	14	21	25
(*202)	220	7	15	19	29	33	37
Trafalgar	83	14	18	-	4½	7½	-
(*91)	92	6	12½	-	9	12	-
Unilever	1100	55	80	100	28	38	47
(*1115)	1150	32	55	73	39	65	70
Option		**Jul**	**Oct**	**Dec**	**Jul**	**Oct**	**Dec**
Fisons	160	20	27	28	13	18	22
(*165)	180	11	19	21	26	29	33
Option		**Jul**	**Oct**	**Feb**	**Jul**	**Oct**	**Feb**
Grand Met.	420	27	37	46	18	20	33
(*425)	460	12	20	28	44	49	50
Ladbroke	160	23	26	33	8	14	19
(*160)	180	13	19	24	20	28	31
Utd. Biscuits	390	34	42	45	19	30	36
(*386)	420	20	34	32	36	48	53

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero	300	24	45	64	18	26	36
(*315)	330	10	31	43	35	43	54
BAA	750	33	46	65	8	27	30
(*771)	800	8	20	39	30	55	62
BAT Inds	800	86	90	102	5	21	30
(*847)	850	26	58	73	28	43	61
BTR	600	18	37	49	8	19	31
(*612)	650	3½	16½	24	40	48	59
Brit. Telecom	390	31	39½	43	2	11½	15½
(*417)	420	9	23	28	11	25½	30
Cadbury Sch	460	24	39	90	4	18	24
(*478)	500	5	18	30	28	36	43
Eastern Elec	460	27	36	45	5	29	27
(*478)	500	6	15	28	28	44	50
Guinness	460	36	44	54	6	15	24
(*476)	500	7	23	34	27	38	44
GEC	300	21	27	32	3	18	14
(*317)	330	4½	18	15½	17	25	29
Hanson	220	21	24	27½	1½	5	8½
(*238)	240	8½	12	15½	6½	14	18
LASMO	140	12	28	25	5	11½	17
(*146)	160	3½	11	17	10½	23	28
Lucas Inds	130	12	19	23	4	8	15
(*137)	140	6½	12	18	8½	14	21
P. & O.	550	36	51	61	7	21	37
(*572)	600	6½	25	39	34	47	65
Pilkington	130	8½	14	18	5	10½	14
(*134)	140	4½	9	14	11½	18	20
Prudential	330	11½	24	31	7½	18	22
(*333)	360	3	11	18	28	33	40
R.T.Z.	600	65	74	85	3½	12	22
(*648)	650	17	40	57	18	32	44
Scot. & New	460	18	29	35	6½	28	32
(*463)	500	3	13	30	37	52	50
Tesco	220	12	21	28	6	13	15
(*223)	240	4	11	18	23	22	27
Thames Wtr	500	28	37	44	4	18	27
(*521)	550	4	12	20	31	50	55
Vodafone	360	24	36	47	8	18	32
(*377)	390	7½	19	31	21	31	39
Option		**Jun**	**Sep**	**Dec**	**Jun**	**Sep**	**Dec**
Abbey Nat.	390	20	31	40	13	22	31
(*395)	420	8	17	26	32	41	48
Amstrad	30	7	8½	18	1½	3	3½
(*35)	35	6	5½	7½	3½	5½	8
Barclays	420	33	45	58	10	21	20
(*438)	460	13	28	36	31	43	48
Blue Circle	240	13	28	38	11	17	22
(*248)	260	8	18	28	23	29	34
British Gas	300	13	20	24	19	18	22
(*309)	330	3	8½	12	32	35	40
Dixons	220	15	34	30	13	22	28
(*221)	240	8	18	22	25	34	36
Eurotunnel	420	32	87	72	21	36	48
(*425)	460	18	37	48	47	59	70

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo	550	47	72	83	18	33	50
(*575)	600	23	47	59	44	60	80
Hillsdown	140	21	27	30	3½	7	11
(*156)	160	8½	15	19	12	18	21
Lonrho	80	18	13	16	4½	7½	10
(*94)	90	5½	8½	10	9½	13	15½
HSBC 75p shs	600	44	84	80	28	34	45
(*618)	650	19	40	57	47	60	72
Natl Power	330	29	30	38	9	18	19
(*337)	360	6	16	25	27	22	35
Reuters	1250	60	117	150	25	53	70
(*1284)	1300	50	89	125	48	77	94
R. Royce	130	10	18	29	8½	12	16
(*132)	140	5½	11	15	14	18	27
Scot Power	310	15	19	24	7	15	17
(*315)	330	5½	9½	15	18	27	30
Sears	100	9	12	15	4½	7½	10
(*108)	110	4	7½	10	10	12	15
Forte	165	24	31	35	4½	8	13
(*198)	200	11	18	24	12	17	22
Thorn EMI	850	46	60	74	17	40	49
(*868)	900	30	35	49	44	70	77
TSB	180	15	24	39	8	12	15
(*192)	200	8	14	19	15	22	28
Vaal Reefs	45	6	9½	11	2	5	8
(*$49)	50	5	7	9	5	7½	8½
Wellcome	700	80	65	105	20	38	54
(*735)	750	34	58	75	45	63	77

EURO FT-SE INDEX (*2844)

	2675	2725	2775	2825	2872	2925	2975	3025
CALLS								
May	174	129	87	51	28	12	5	2
Jun	198	144	107	74	48	29	17	9
Jul	-	182	-	95	-	48	-	21
Sep	-	197	-	132	-	86	-	50
Dec †	-	-	-	200	-	-	-	100
PUTS								
May	4	9	17	34	59	90	136	153
Jun	14	22	35	51	75	106	143	185
Jul	-	32	-	63	-	115	-	168
Sep	-	45	-	80	-	-	-	183
Dec †	-	8	-	13	-	-	-	21

FT-SE INDEX (*2844)

	2700	2750	2800	2850	2900	2950	3000	3050
CALLS								
May	150	105	67	35	15	7	2	1
Jun	165	125	90	60	39	21	12	6
Jul	183	145	112	63	59	42	28	16
Aug	198	162	131	100	78	56	41	29
Dec †	275	-	205	-	145	-	100	-
PUTS								
May	7	11	24	44	75	117	165	215
Jun	15	26	43	63	91	128	168	218
Jul	28	39	59	78	105	138	177	218
Aug	38	50	67	90	116	147	184	223
Dec †	90	-	110	-	155	-	315	-

April 23 Total Contracts 52,084
Calls 30,748 Puts 21,336
FT-SE Index Calls 5,055 Puts 7,236
Euro FT-SE Calls 4,321 Puts 1,980
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ **INDUSTRIALS**	p
Allied-Lyons	50
Amstrad	3½
Astec (BSR)	3½
BAT Inds	75
BOC	56
BTR	41
Barclays	30
Blue Circle	22
Boots	42
Bowater	40
Brit Aerospace	24
British Steel	6
Brit Telecom	28
Cadburys	36
Charter Cons.	52
Comm Union	52
Courtaulds	48
Eurotunnel	30
FKI	12
FNFC	7
Forte	14
GKN	40
Gen Accident	31
GEC	22
Glaxo	55
Grand Met	40
GRE	15
HSBC (75p shs)	39
Hanson	20
ICI	75
Ladbroke	15
Legal & Gen	38
Lex Service	19
Lloyds Bank	45
Lonrho	7
Lucas Inds	13
Marks Spencer	25
NatWest Bank	30
P & O Dfd	40
Racal Elect	12
Rank Org	53
Ratners	3
Reed Intl	62
Sears	9
SmKl Bchm A	40
TI	28
TSB	12
Tesco	20
Thorn EMI	70
Tomkins	22
T & N	15
Unilever	72
Vickers	9
Wellcome	75
■ **PROPERTY**	
Brit Land	7
Land Sec.	40
MEPC	30
■ **OILS**	
Arcon Intl.	6
Aviva Pet	5
BP	21
Burmah Castrol	60
Premier Cons	3
Shell	36
■ **MINES**	
RTZ	52

FT FIXED INTEREST INDICES

	April 23	April 22	April 21	April 20	April 19	Year ago	*High	*Low
Govt Secs (UK)	95.72	95.58	95.99	95.69	96.08	88.31	96.04	93.28
Fixed Interest	111.62	111.60	111.80	111.80	111.89	102.24	113.83	108.67

* for 1993. Government Securities high since compilation: 137.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
April 22	130.8	120.4
April 21	121.8	118.5
April 20	125.9	115.7
April 19	113.1	111.2
April 18	110.3	106.0

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Russia underpins palladium rise

THE UPWARD trend in the market for palladium – a platinum group metal used mainly in dentistry, the electrical industry and motor exhaust catalysts – was underpinned late this week by a report that the biggest producer planned to reduce output sharply.

An official of Russia's Norilsk, which produces palladium as a by-product of nickel and accounts for nearly 70 per cent of the world's 3.6m tonnes-a-year supply of the metal, was reported to have told a closed session of the International Nickel Study Group in the Hague on Thursday that his country would reduce nickel output by 10 or 12 per cent this year – and that would inevitably result in a pro-rata cut in palladium production.

London traders were unsure, however, how much importance to attach to the report, especially as it was unclear whether the reduction was being measured against last year's actual output or this year's planned output. "Norilsk has been talking about reducing output by about 10 per cent for a year," one dealer told the Reuter news agency. "We are buying palladium on the fundamentals, not Norilsk," said another. "Nobody wants to be short."

The Norilsk report came when the palladium market was already in a moderately bullish mood, reflecting supply tightness. The London price was showing a rise since the end of last week of $2.75 a troy ounce, extended yesterday to $5.50 when the price hit a 10-week high of $118.25 an ounce.

The gold market also ended the week on an upbeat, with the London price reaching a fresh six-month high of $344.15 an ounce, up $5.30 overall. Investment fund buying in New York and weakness of the US dollar, which encouraged Middle Eastern buyers back into the market, prompted a strong opening on the New York Commodity Exchange yesterday and enabled the London market to push through the resistance that had frustrated earlier attempts to breach the $342 barrier.

Like palladium, the nickel market was on the upgrade before the emergence of the Norilsk factor. Chart patterns were looking encouraging, dealers said, imports from the Commonwealth of Independent States were reported to be falling, production of stainless steel was at a high level, supplies of stainless steel scrap were tight and a substantial fall in London Metal Exchange stocks was announced yesterday.

The nickel market's initial reaction to Thursday night's news was to push the three months delivery price close to $6,200 a tonne. It eased later, however, closing at $6,172.50 a tonne, up $95 on the day and $235 up on the week.

Other LME metals had a less happy time. The copper market tried to consolidate on Monday following the heavy falls of the last two weeks, but Chinese sellers were quick to return and a fresh 5¼-year low of $1,830 a tonne for three months metal was touched in mid-week. A subsequent recovery ran into strong resistance at $1,920 a tonne and at yesterday's close three months copper was quoted at $1,892 a tonne, down $9 on the week.

Aluminium fared no better. A gentle price slide escalated into a technical break-down on Thursday when support around the $1,125-a-tonne mark for three months metal failed to hold and options-realted and stop-loss selling forced the price down towards $1,100 a tonne. Buyers appeared to defend that level yesterday and the price closed at $1,116.50 a tonne, up $7 on the day and $17 down on the week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+4,225	to 1,771,550
Copper	+8,400	to 382,100
Lead	-25	to 249,700
Nickel	-1,458	to 87,450
Zinc	+6,000	to 620,175
Tin	+350	to 20,190

● *Mr David Morton*, chairman of Alcan Aluminium expects "some improvement" in ingot prices later this year, despite CIS exports reaching well over 1m tonnes in 1993, writes Robert Gibbens in Montreal.

Present spot prices of about 50 US cents a lb ($1,100 a tonne) should prove the low point, Mr Morton said after Alcan's annual meeting. "I can see 54-56 US cents per lb late this year with somewhat better prices in 1994," he added.

Reynolds Metals chairman Mr Richard Holder last week forecast that aluminium ingot would average 54 cents a lb this year. At that level North American smelters would barely break even.

Alcan expects to continue operating at about 95 per cent of capacity in North America and it sees the Japanese market picking up later this year. However it is worried about Europe.

Overall world growth in demand should reach about 3.5 per cent, with China becoming a market of growing importance. The short-term thrust in demand will come from growing use of aluminium cans in Europe and Asia and increasing use in car manufacture.

Alcan will spend about US$450m this year, mostly to complete its rolling mill expansions in Germany and the US. Together they will raise the company's rolled products capacity by 50 per cent.

For investors in soft commodities sugar was the only bright spot this week. Concern about tightening supplies on the world market helped the July contract on the New York futures market up to 12.47 US cents a lb in late trading yesterday, up 0.91 from last week.

London trade house C. Czarnikow estimated this week that the setbacks to Thailand's sugar production that played a big part in driving up world market prices earlier in the year would result in a 66 per cent reduction in the country's output to 3.84m tonnes.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Fri Apr 23	Day's change %	Thu Apr 22	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	127.34	+0.86	127.27	1.68	3.82
2	5-15 years (24)	148.62	+0.04	148.57	1.26	6.22
3	Over 15 years (8)	158.01	+0.24	157.83	2.28	3.10
4	Irredeemables (6)	180.85	+0.57	179.82	4.39	1.48
5	All stocks (61)	143.24	+0.08	143.12	1.80	4.39
	Index-Linked					
6	Up to 5 years (2)	183.50	-0.02	183.53	0.29	1.92
7	Over 5 years (12)	173.04	+0.11	172.85	0.66	1.72
8	All stocks (14)	173.30	+0.09	173.14	0.62	1.75
9	Debs & Loans (65)	127.90	+0.52	127.24	1.90	3.81

	AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 23	Thu Apr 22	Year ago (approx.)	1993 High		1993 Low	
	British Government								
1	Low	5 years	7.01	7.00	8.40	7.20	5/1	6.33	19/2
2	Coupons	15 years	7.90	7.91	9.09	8.37	12/1	7.54	18/3
3	(0%-7¾%)	20 years	8.13	8.15	9.09	8.64	20/1	7.83	8/3
4	Medium	5 years	7.29	7.28	9.36	7.56	11/1	6.73	15/3
5	Coupons	15 years	8.31	8.32	9.14	8.83	19/1	8.06	5/3
6	(8%-10¾%)	20 years	8.44	8.46	9.11	9.05	20/1	8.23	13/4
7	High	5 years	7.51	7.51	9.58	7.78	11/1	6.89	5/3
8	Coupons	15 years	8.58	8.61	9.26	9.11	20/1	8.27	8/3
9	(11%-)	20 years	8.66	8.69	9.20	9.20	20/1	8.38	9/3
10	Irredeemables (Flat Yield)		8.51	8.56	9.29	9.05	20/1	8.29	13/4
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.39	2.38	4.02	2.78	13/1	1.82	12/2
12	Inflation rate 5%	Over 5 yrs.	3.50	3.50	4.53	3.88	14/1	3.36	18/3
13	Inflation rate 10%	Up to 5 yrs.	1.48	1.42	3.31	2.00	13/1	0.92	12/2
14	Inflation rate 10%	Over 5 yrs.	3.31	3.31	4.34	3.72	14/1	3.19	19/3
15	Debs &	5 years	8.83	8.88	10.78	8.97	4/1	8.41	18/3
16	Loans	15 years	9.37	9.44	10.57	9.94	19/1	9.14	18/3
17		25 years	9.56	9.62	10.43	10.10	19/1	9.38	10/3

IBM spins off unit with Zschau as its chairman

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines has spun off Adstar, its data storage business unit, and appointed Mr Ed Zschau, a Silicon Valley entrepreneur and politician as chairman and chief executive.

Mr Zschau is a former Republican Congressman and founder of System Industries, a data storage systems company. He will oversee Adstar's business strategy and financial performance. He has been made an IBM vice-president.

The move represents a step forward in IBM's plans to transform itself into a federation of independent business units. It could presage a public offering of Adstar stock or sale of an equity interest in the company to another party.

Adstar is one of IBM's most important business units, with 1992 sales of $6.1bn and net earnings, before restructuring charges, of $247m. At the end of 1992, it employed almost 16,000 people at plants in the US, Europe and Asia.

As a stand-alone business it is the largest manufacturer of data storage products in the world.

This is IBM's first restructuring decision since the arrival of Mr Louis Gerstner, who took up his post as IBM chairman and chief executive on April 1.

Louis Gerstner: first restructuring decision

The appointment of an outsider to head an IBM business unit is unprecedented. It suggests that Mr Gerstner, himself the first non-IBM executive to be elected chairman, may be looking outside IBM to fill leading posts.

Mr Zschau said that his goal at Adstar would be to "revolutionise the information storage industry and achieve exceptional commercial success.

"With entrepreneurial spirit, we'll create new products and new markets and move faster to leverage Adstar's unique resources."

Executives at Amag resign after heavy losses

By Ian Rodger in Zurich

THE chief executive and deputy chief executive of Austria Metall (Amag), the troubled Austrian aluminium company, have resigned following the publication of heavy losses for 1992.

Amag, a subsidiary of Austrian Industries, the state-owned industrial holding company, lost Sch5.4bn ($478m) last year on turnover of Sch16.1bn.

Operating losses were Sch2.6bn and there were extraordinary charges of Sch2.7bn arising from the closure of its sole remaining aluminium smelter in Austria. In 1991, Amag had a pre-tax loss of Sch0.8bn.

The company said that operating losses were caused mainly by the collapse in world aluminium prices. No improvement in results was foreseen this year.

It said that Mr Peter Apfalter, the chief executive, and his deputy, Mr Hans Koopman, offered to resign following intense and unfair media criticism of their management.

Amag's losses weighed heavily on Austrian Industries. AI this week reported a net loss of Sch4.8bn for 1992 compared with a net profit of Sch98m in the previous year. Its operating loss was Sch2.6bn compared with a Sch2.12bn profit.

Mr Michael Sekyra, chief executive, said he hoped Amag would make profits at the operating level this year, and he expected that government subsidies to cover Amag losses would stay within the three-year budget, to the end of this year, of Sch9.1bn.

Mr Sekyra, who hoped to partially privatise AI, has embarked on a new round of restructuring to have the group concentrate in steel and engineering. He expected a further Sch3bn in restructuring costs.

Japan banks weakened by appraisal losses on shares

By Robert Thomson in Tokyo

JAPAN'S leading banks yesterday announced large appraisal losses on their securities portfolios as the effects of the weakness of the stock market continued to echo through the financial system.

The losses, including Y39.7bn ($358m) at Mitsubishi Bank and Y45.6bn at Sanwa Bank, and calculated at the close of the financial year last month, would have been higher but for a rise in Tokyo stock prices following the government's decision to pump extra pension and postal funds into the stock market.

Several banks announced downward revisions of their forecast profits. The results, to be formally announced next month, will reflect the stock appraisal losses, as well as the increasing burden of provisions and write-offs of non-performing loans.

Daiwa Bank indicated that pre-tax profits would fall about 10 per cent from the forecast Y46bn, while Nippon Credit Bank, a long-term credit bank, said profit was likely to have fallen 60 per cent over the year to Y28bn, down from a previous forecast of Y37bn. Mitsubishi Bank said its profits "will show some decrease".

Other banks to record large appraisal losses for the period were the Long-Term Credit Bank of Japan with Y39.5bn, the Bank of Tokyo, Y36.8bn; the Industrial Bank of Japan, Y36.3bn; and Sakura Bank, Y35.2bn.

The finance ministry expected banks to write down their portfolios every six months, although the rule was waived for the Bank of Tokyo and the leading trust banks last September, when stock prices were particularly weak.

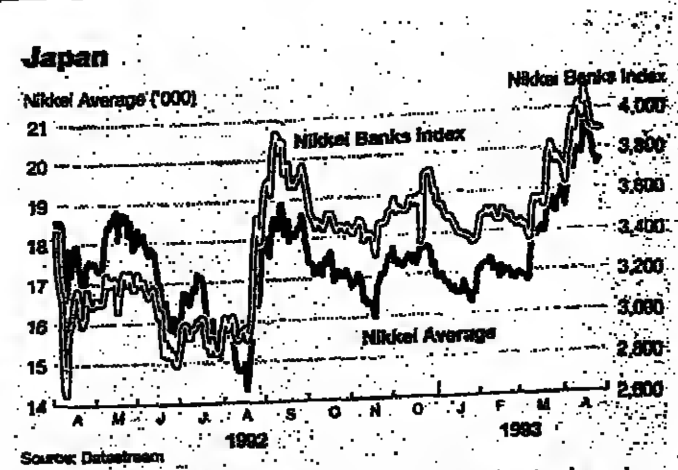
Mitsui Trust and Banking, and Yasuda Trust and Banking have yet to announce their losses, while Toyo Trust and Banking reported a Y22.8bn write-down, Sumitomo Trust and Banking, Y19.6bn; Chuo Trust and Banking, Y14.3bn; and Mitsubishi Trust and Banking, 10.5bn.

Japanese banks are fortunate that the decline in interest rates over the year has lifted their operating profits, but rates are close to bottoming and the banks will be under increasing pressure this year if share prices resume their fall.

The 21 leading banks are expected to announce that non-performing loans at the end of March were about Y15,000bn, up from Y12,300bn in September. The new figure, representing about 4.8 per cent of total loans, does not indicate the true burden.

In calculating this figure, the banks do not count the fast rising number of loans on which interest rates have been cut to almost zero in an attempt to support a troubled company.

Unofficially, Japanese banks' bad loans are estimated at Y30,000bn, but they are being discouraged from large-scale write-offs by a nervous finance ministry.



Source: Datastream

Sumitomo and Fuji Bank debt downgraded

By Charles Leadbeater in Tokyo

SUMITOMO Bank and Fuji Bank, two of Japan's top commercial banks, yesterday had their long-term debt downgraded by Moody's, the US credit rating agency, to take account of exposure to the troubled property sector.

Moody's said that both banks, which were among the strongest in Japan, would take time to reduce their bad debts and sell poor quality assets. It warned that their profits would be dampened for several years by bad debts.

The downgrades confirm that in spite of action by commercial banks to reduce their non-performing loans the banks will be dealing with their bad debts for some time.

In the past year, Moody's has downgraded the long-term debt of 10 of the 17 top Japanese banks that it rates. The banks with the best rating are DKB, Mitsubishi Bank, Sanwa Bank and the Bank of Tokyo, which all have Aa3 rating.

Moody's lowered Sumitomo Bank's senior debt rating as well as its rating for long-term deposits, from Aa3 to A1. The long-term ratings of the bank's guaranteed international subsidiaries were lowered to A1 from Aa3.

Fuji Bank's long-term debt and deposits were downgraded to A1 from Aa3. Moody's said it was due to Fuji's exposure to the non-bank sector as well as construction and property lending which had soured.

Exxon earnings flat in first three months

By Karen Zagor in New York

EXXON, the world's biggest integrated oil company, yesterday posted essentially flat underlying earnings for the first three months of 1993.

Net income in the latest quarter was $1.19bn, or 94 cents a share, including a one-time gain of $47m from asset sales and tax credits outside the US. A year earlier, Exxon had net earnings of $1.3bn, or $1.03, including non-recurring gains of $158m.

Revenues fell 2.3 per cent to $27.26bn from $27.91bn in the first three months of 1992.

Mr Lawrence Rawl, Exxon's outgoing chairman, said the company's reduced operating expenses helped staunch earnings erosion in the quarter in spite of sluggish economic conditions in Exxon's leading markets.

On Wall Street, shares in Exxon slipped $⅜ to $65¼ at mid-session yesterday.

During the first three months of 1993, Exxon benefited from higher crude oil prices and higher sales of chemical products. On the other hand, petroleum product and chemical margins were weak in the quarter.

Earnings from domestic exploration and production operations rose to $228m in the quarter from $125m a year earlier. Underlying earnings from non-US exploration and production operations were $648m against $699m last year.

Profits from refining and marketing operations in the US eased to $21m from $23m a year ago. Outside the US, refining and marketing operations brought in earnings of $277m against $339m a year ago, excluding one-time gains of $115m in 1992.

Exxon's chemical operations had income of $123m compared with $151m the previous year.

China Light improves 11%

CHINA LIGHT and Power, the Hong Kong utility controlled by the Kadoorie family, yesterday announced net profits of HK$1.73bn (US$225m) for the six months to March 1993, an 11 per cent increase, writes Simon Davies in Hong Kong.

Domestic sales of electricity increased by 3.1 per cent, but sales to China increased 53 per cent, which helped to lift turnover by 14 per cent to HK$6.36bn.

Argentaria prices offering at Pta3,800

By Tom Burns in Madrid

ARGENTARIA, the state-owned Spanish banking corporation which is being partially privatised, yesterday priced its global public offering at Pta3,800 ($32.75) a share. The pricing, at the upper end of the Pta3,500 to Pta3,950 range announced three weeks ago, reflected a strong demand.

More than 450,000 domestic retailers have registered their interest in acquiring Argentaria shares, a number that is in excess of double the number of total shareholders that the bank expected when it said it was putting 25 per cent of its equity on the market.

According to FG, the Madrid securities firm, demand for Argentaria paper in the US, where 4m shares are being offered, is about 1-1m shares. In the UK, demand is for about 15m shares where 3.5m shares are being offered. Morgan Stanley International is acting as co-ordinator in the placement.

The US public offering of 8m American depository shares, representing the 4m common shares, is expected to start shortly after the May 5 close of the subscription period for domestic retail investors.

Sulzer, Ebara seek pumps deal

By Andrew Baxter

SULZER, the Swiss engineering group, is continuing discussions with Ebara of Japan on a potentially important joint venture in pumps – more than a year after the two began co-operation talks.

Sulzer is one of Europe's largest producer of pumps, and Ebara is the dominant Japanese producer. A deal would represent a further step in the rationalisation and globalisation of the world pump industry. Other big players include Weir of the UK, KSB of Germany and the Ingersoll-Dresser Pump joint venture in the US.

Dr Fritz Fahrni, Sulzer president and chief executive, said in London that he hoped a deal could have been concluded by the end of last year.

He would not say why the talks were dragging on, or what form any co-operation would take. It appears that a global combination of the two pump businesses has not been ruled out.

Sulzer has pump factories at Leeds in England, Portland in Oregon, and in Germany, France, the Netherlands, Mexico and South Africa.

Profits for the pump division, part of the Sulzer Escher Wyss group of businesses, are not disclosed, but improved significantly last year. One reason has been a strong turnround to profitability at the Leeds plant, which employs 450 people and lost £1.3m ($2m) in 1990.

Dr Fahrni believes there is still room for further improvement in the pump division's profits, which could be aided by a tie-up with Ebara.

He disclosed that Sulzer was to retain and develop its Thermtec valves and control systems division for at least two years, following the collapse in February of its sale to IMI, the British industrial group. The business was non-core, he said, but could be damaged by any immediate attempt to find a new purchaser.

First dividend cut at Nomura since 1975

By Robert Thomson

NOMURA Securities, the leading Japanese securities house, plans to cut its annual dividend to Y10 from Y15 a year earlier. It is the first reduction since 1975 and a sign of the pressure on the broking industry.

The dividend announcement follows a forecast that the broker would report a pre-tax profit of zero for the year ending last month on revenue of Y345bn ($3.1bn), down from Y421bn in the previous year.

Yamaichi Securities, another member of Japan's Big Four brokers, said that its annual dividend would be cut from Y5 to Y2.5. The other two, Daiwa Securities and Nikko Securities, have yet to make a dividend announcement.

None of the four is expecting a pre-tax profit for the year just ended and only Nomura is expecting a slim Y2bn net profit. Nomura announced that unrealised losses on securities holdings in March were Y12.1bn, less than the expected Y15bn.

Japanese brokers were badly bruised by the generally weak turnover and prices on the Tokyo market last year.

Southam halves loss to C$7.2m

By Robert Gibbens in Montreal

SOUTHAM, Canada's biggest newspaper group in which Mr Conrad Black's Hollinger is a substantial shareholder, has halved its first-quarter loss and dropped plans for a rights offer to raise C$75m (US$62.5m).

The quarter showed a loss of C$7.2m, or 11 cents a share, down from C$15.3m, or 26 cents, a year earlier. Revenues totalled C$272m against C$274m.

Southam has restructured its national newspaper chain, sold printing assets and raised C$180m for debt reduction by private placement of equity with Power Corp of Canada.

The newspapers showed a small operating profit in the latest period compared with a C$4.1m loss. Advertising lineage was down 4.7 per cent on average. Business communications were profitable.

Coles, the company's book-store arm, lost C$2m against a loss of C$1.6m, in spite of a 10 per cent increase in revenues to C$43m.

Southam says that because of the private placement it no longer needs to proceed with the rights offer. It expects to post a profit for 1993.

Hollinger has 18.8 per cent of Southam. It is in the throes of selling half this stake for £72.3m (US$111.34m) to The Telegraph UK newspaper which is 68 per cent owned by Hollinger.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	$344.15	+5.3	$336.85	$339.75	$326.05
Silver Per troy oz	252.25p	-5.25	229.095p	262.50p	236.00p
Aluminium 99.7% (cash)	$1094.0	-17.0	$1329	$1236.5	$1108
Copper Grade A (cash)	£1192.0	-48.5	£1262.5	£1563.5	£1240.5
Lead(cash)	£270.5	-6.0	£302.5	£309	£266.00
Nickel (cash)	$6110.0	+235.0	$7405	$6340	$5735
Zinc SHG (cash)	$1006.0	-1.5	$1306	$1112	$981.5
Tin (cash)	$5585.0	+15.0	$5600	$6047.5	$5525
Cocoa Futures (Jul)	£681	-25	£619	£751	£689
Coffee Futures (Jul)	$866	-10	$801	$985	$836
Sugar (LDP Raw)	$293.1	+33.9	$239	$300	$204.5
Barley Futures (Sep)	£106.50	-0.05	£111.95	£110.30	£106.50
Wheat Futures (Jun)	£146.75	+1.50	£125.80	£149.45	£138.85
Cotton Outlook A Index	60.90c	-0.45	57.90c	62.35c	54.75c
Wool (64s Super)	342p	-13	448p	403p	355p
Oil (Brent Blend)	$18.89x	+0.22	$16.975	$19.53	$18.65

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jun.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.38-6.43u	+0.13
Brent Blend (dated)	$18.58-8.60	+0.14
Brent Blend (Jun)	$18.88-8.90	+0.14
W.T.I (1 pm est)	$20.28-0.30u	+0.17
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$208-210	+1
Gas Oil	$181-182	
Heavy Fuel Oil	$77-79	+0.5
Naphtha	$180-182	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$344.15	+4.0
Silver (per troy oz)♣	396.5c	+2.0
Platinum (per troy oz)	$371.5	+6.0
Palladium (per troy oz)	$117.75	+2.25
Copper (US Producer)	89.0c	+0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	14.14r	+0.01
Tin (New York)	258.5c	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	136.53p	+1.13*
Sheep (live weight)†♣	139.01p	-4.60*
Pigs (live weight)†	85.37p	-2.44*
London daily sugar (raw)	$293.1	+13.6
London daily sugar (white)	$305.8	+11.3
Tate and Lyle export price	£300.0	+8.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£164.5	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	57.00p	-0.50
Rubber (Jun)♥	57.50p	-0.50
Rubber (KL RSS No 1 May)	210.0m	-0.5
Coconut oil (Philippines)§	$410.0y	
Palm Oil (Malaysian)§	$375.0v	
Copra (Philippines)§	$257.5	-2.5
Soyabeans (US)	£179.0z	-0.5
Cotton "A" index	60.90c	-0.45
Wooltops (64s Super)	342p	-11

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug u-May. z-Apr/May v-Jun ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
May	262.00		230.00	
White	Close	Previous	High/Low	
Aug	210.90	208.00	214.00	207.00
Oct	296.00	292.00	298.00	292.00
Dec	293.50	290.00	292.00	291.50
Mar	293.00	290.00	292.10	290.50
May	295.50		295.40	

Turnover: Raw 2 (0) lots of 50 tonnes. White 1656 (1886) Paris- White (FFr per tonne): Aug 1879.12 Oct 1809.59

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Jun	18.89	18.76	18.81	18.71
Jul	18.81	18.78	18.91	18.72
Aug	18.87	18.83	18.98	18.80
Sep	18.04	18.80	19.04	18.92
Oct	18.05	18.94	18.06	16.97
Nov	18.05	18.96	19.07	19.00
Dec	19.11	19.00	19.11	19.00
Jan	18.07	18.96	19.07	18.00
Feb	19.05		18.07	19.00
IPE Index	18.84	18.83		

Turnover 20736 (20425)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
May	176.75	176.75	177.00	176.00
Jun	174.00	173.25	174.25	173.00
Jul	173.75	172.75	173.75	172.50
Aug	174.75	173.50	174.75	173.80
Sep	176.50	175.50	176.75	175.25
Oct	179.50	178.75	179.50	178.00
Nov	181.50	180.50	181.25	180.50
Dec	183.50	183.00	183.50	182.75
Jan	183.25	183.00	182.75	

Turnover 13341 (13221) lots of 100 tonnes

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
May	668	675	674	666
Jul	681	687	687	679
Sep	693	701	700	692
Dec	713	719	716	710
Mar	732	738	738	729
May	747	753	749	742
Jul	761		763	758

Turnover: 3581 (6473) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 22 713.76 (701.72) 10 day average for Apr 23 720.44 (719.25)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low	
May	865	877	884	876
Jul	866	888	887	858
Sep	884	895	894	886
Nov	876	863	889	865
Jan	877	866	875	872
Mar	884	879	880	

Turnover: 1503 (1651) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 22: Comp. daily 50.22 (49.77) 15 day average 50.57 (50.71)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low	
May	46.5	44.9	48.0	45.0
Jun	47.0		47.0	

Turnover 10 (33) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Aug	138.50	129.50	138.50
Oct	142.50	143.00	142.50

Turnover 50 (50) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low	
Apr	1540	1530	1540	1533
May	1534	1508	1537	1515
Jun	1416	1400	1420	1400
Jul	1290	1285	1295	1285
Oct	1400	1395	1400	
BFI	1524	1513		

Turnover 480 (267)

GRAINS – London FOX (£/tonne)				
Wheat	Close	Previous	High/Low	
May	145.50	145.75	145.75	145.60
Jun	146.75	146.95	147.15	146.75
Sep	107.75		107.75	
Nov	109.65	110.90	109.65	
May	118.25		118.25	
Barley	Close	Previous	High/Low	
May	141.00	141.90	141.25	141.00
Sep	106.80	106.75	106.85	106.50
Mar	113.00		113.00	

Turnover: Wheat 152 (263), Barley 53 (53).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
May	112.0	113.5	112.0
Jul	103.5		103.0
Oct	108.0	108.0	105.0
Nov	108.0	108.0	105.0

Turnover: 18 (13) lots of 3,250 kg

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 35,958 lots
Cash	1093.5-4.5	1086.5-7.5	1089	1089-9.5		
3 months	1116-7	1109-10	1121/1104	1110.5-1.0	1119-9.5	182,964 lots
Copper, Grade A (£ per tonne)						Total daily turnover 57,550 lots
Cash	1191.5-2.5	1205-6	1196/1195	1195-5.5		
3 months	1208-9	1225-5.5	1219/1206	1215-5.5	1211.5-2.5	179,250 lots
Lead (£ per tonne)						Total daily turnover 2,369 lots
Cash	269.5-7.5	270.5-1.5		271.5-2.0		
3 months	278.5-9.0	280-0.5	281/278	280.75-1.0	278.5-9.0	20,839 lots
Nickel ($ per tonne)						Total daily turnover 9,711 lots
Cash	6105-15	6010-20		6105-10		
3 months	6170-5	6075-80	6180/6080	6179-80	6170-5	47,584 lots
Tin ($ per tonne)						Total daily turnover 1,526 lots
Cash	5680-90	5595-605		5575-80		
3 months	5640-5	5650-5	5640/5635	5635-40	5635-45	9,154 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,040 lots
Cash	1005.5-6.5	1004.5-5.5	1000/999.5	999.5-1000		
3 months	1024-5	1023-4	1027/1016	1018-8.5	1026-7	66,751 lots

LME Closing £/$ rate:
SPOT: 1.5755 | 3 months: 1.5652 | 6 months: 1.5550 | 9 months: 1.5454

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	344.00-344.30	
Opening	340.80-341.50	
Morning fix	340.95	218.486
Afternoon fix	344.90	218.864
Day's high	345.70-346.00	
Day's low	340.50-340.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.53	6 months	2.35
2 months	2.49	12 months	2.35
3 months	2.43		

Silver fix	p/troy oz	US cts equiv
Spot	252.15	393.25
3 months	255.80	396.10
6 months	259.70	399.25
12 months	267.65	408.00

GOLD COINS	$ price	£ equivalent
Krugerrand	344.00-347.00	218.00-220.00
Maple leaf	354.30-356.80	-
New Sovereign	81.50-84.50	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1075	26	59	3	11
1100	11	42	10	19
1125	3	28	27	30
Copper (Grade A)	Calls		Puts	
1850	84	147	14	52
1900	50	117	30	72
1950	25	92	55	96
Coffee	Jul	Sep	Jul	Sep
850	44	62	28	48
900	23	43	57	79
950	11	29	95	115
Cocoa	Jul	Sep	Jul	Sep
700	20	43	32	42
725	13	34	51	58
750	7	20	70	75
Brent Crude	Jun	Jul	Jun	Jul
1850	79	92	5	14
1900	38	55	15	33
1950	16	35	39	72

New York

GOLD 100 troy oz., $/troy oz.	Close	Previous	High/Low	
Apr	346.5	340.0	347.0	344.5
May	346.8	340.5	0	0
Jun	347.5	341.2	348.0	342.8
Aug	348.6	342.5	349.4	344.0
Oct	350.2	343.8	349.8	345.1
Dec	351.4	345.0	351.8	345.5
Feb	352.9	346.5	352.7	348.2
Apr	354.3	347.9	352.5	348.8
Jun	355.7	349.3	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Apr	380.2	374.8	387.0	375.0
Jul	377.2	369.5	377.5	371.5
Oct	378.0	368.4	377.0	371.5
Jan	378.2	367.4	374.5	374.0
Apr	375.0	367.1	370.0	370.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Apr	395.4	391.4	397.0	393.0
May	395.5	391.7	399.5	392.0
Jun	398.8	393.0	0	0
Jul	398.3	394.0	402.5	395.0
Sep	400.8	397.0	405.0	398.5
Dec	404.7	400.8	408.5	402.0
Jan	405.1	401.2	0	0
Mar	408.1	404.2	411.0	408.0
May	411.1	410.2	414.5	412.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	85.10	83.10	85.10	85.10
May	85.00	83.40	85.10	84.10
Jun	85.25	83.65	0	0
Jul	85.40	83.85	85.60	84.10
Sep	85.90	84.30	0	0
Dec	86.20	84.80	86.25	85.00
Jan	86.30	84.90	0	0
Mar	86.45	85.15	0	0
May	86.55	85.25	0	0
Jul	87.10	85.50	87.20	85.50
Sep	87.30	85.70	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jun	20.30	20.15	20.32	20.04
Jul	20.51	20.38	20.52	20.25
Aug	20.62	20.45	20.64	20.40
Sep	20.71	20.58	20.71	20.49
Oct	20.75	20.62	20.75	20.56
Nov	20.78	20.67	20.75	20.62
Dec	20.80	20.68	20.80	20.62
Jan	20.83	20.59	20.80	20.82
Feb	20.85	20.65	20.85	20.63
Mar	20.87	20.67	20.87	20.61

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
May	55.75	54.64	55.90	54.55
Jun	55.75	55.14	55.80	55.00
Jul	56.10	55.59	56.20	55.35
Aug	56.70	56.24	56.80	55.85
Sep	57.00	57.24	57.65	57.15
Oct	58.50	58.19	58.65	57.85
Nov	59.60	59.12	59.60	59.50
Dec	60.60	60.02	60.50	59.60
Jan	60.80	60.45	60.80	60.20
Feb	60.50	60.25	60.00	60.45

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
May	905	895	910	888
Jul	931	924	935	924
Sep	956	950	960	954
Dec	993	990	995	982
Mar	1026	1022	1026	1021
May	1052	1048	1050	1048
Jul	1075	1071	0	0
Sep	1098	1090	0	0
Dec	1128	1120	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
May	54.00	53.00	54.15	53.15
Jul	55.90	54.95	56.00	54.80
Sep	57.75	56.65	57.80	56.90
Dec	60.00	59.25	60.00	59.25
Mar	62.50	62.10	62.90	62.40
May	64.30	63.70	64.25	64.25
Jul	66.05	65.25	0	0
Sep	67.75	67.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
May	12.00	11.76	12.15	11.87
Jul	12.36	12.25	12.50	12.36
Oct	11.86	11.67	12.10	11.85
Mar	11.00	11.05	11.05	10.99
May	10.92	10.99	11.14	10.92
Jul	10.88	10.85	11.11	11.05

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
May	60.84	61.65	62.85	60.50
Jul	62.65	62.00	62.15	61.81
Oct	60.95	60.85	61.25	60.75
Dec	61.16	61.97	62.20	61.75
Mar	62.80	62.62	0	0
May	63.20	63.02	0	0
Jul	63.80	63.60	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
May	86.70	86.35	93.00	86.30
Jul	89.00	88.55	94.00	87.50
Sep	93.20	92.20	98.00	91.50
Nov	97.25	95.50	98.25	97.50
Jan	100.20	98.45	101.00	99.50
Mar	102.05	100.05	100.25	100.25
May	102.05	101.50	101.50	101.50

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Apr 23	Apr 22	mnth ago	yr ago
	1648.0	1650.0	1744.4	1608.8
DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr 22	Apr 21	mnth ago	yr ago
Spot	123.63	120.29	128.36	120.01
Futures	120.17	123.31	122.00	118.62

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
May	592/4	592/0	594/0	591/4
Jul	594/2	593/6	596/0	592/6
Aug	595/0	595/6	597/4	594/2
Sep	592/4	593/6	595/0	592/2
Nov	600/2	600/2	602/2	598/4
Jan	607/0	607/0	609/0	605/2
Mar	613/2	613/2	616/0	612/0
May	617/0	617/4	618/4	616/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
May	21.09	21.06	21.15	21.05
Jul	21.34	21.31	21.41	21.31
Aug	21.45	21.42	21.51	21.43
Sep	21.50	21.53	21.62	21.56
Oct	21.57	21.61	21.70	21.57
Dec	21.90	21.82	21.92	21.80
Jan	21.96	21.89	21.95	21.95
Mar	22.06	22.00	22.10	22.10

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
May	184.8	184.8	185.5	184.2
Jul	186.1	185.1	186.9	185.5
Aug	186.6	186.8	187.7	186.2
Sep	187.6	187.3	187.7	186.6
Oct	188.1	188.5	189.1	187.3
Dec	190.1	190.1	191.1	189.6
Jan	190.7	191.0	191.5	190.8
Mar	191.3	191.8	192.0	191.1

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
May	224/2	226/2	227/0	224/6
Jul	229/6	230/6	232/0	229/2
Sep	234/6	236/6	237/2	234/6
Dec	239/6	241/4	242/2	239/6
Mar	246/2	248/0	248/2	246/2
May	250/6	252/2	253/0	250/6

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
May	352/2	360/6	360/4	350/4
Jul	301/4	309/0	308/4	300/4
Sep	307/4	315/0	314/0	306/6
Dec	318/2	322/4	322/4	317/0
Mar	321/4	327/4	327/2	320/4
Jul	313/0	316/4	313/4	312/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	80.900	82.175	82.750	80.675
Jun	75.825	76.050	76.300	75.700
Aug	73.250	73.550	73.750	73.200
Oct	73.900	74.200	74.250	73.900
Dec	74.500	74.200	74.500	74.300
Feb	73.475	73.875	74.500	74.050
Apr	74.900	74.900	74.900	74.650

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Apr	47.325	46.275	47.775	46.800
Jun	51.100	52.175	52.175	51.000
Jul	50.100	51.125	51.000	50.000
Aug	47.950	48.675	48.550	47.800
Oct	42.700	43.225	43.150	42.700
Dec	43.850	44.150	44.150	43.800
Feb	44.100	44.400	44.150	43.950
Apr	42.000	43.000	43.250	42.000

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
May	46.775	46.775	48.250	46.775
Jul	47.800	49.900	48.900	47.600
Aug	45.850	47.850	46.950	45.850
Feb	41.950	42.600	42.300	41.850
Mar	41.100	42.000	42.000	41.800

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Peseta plunges inside ERM

SIX EUROPEAN central banks intervened on the foreign exchange markets yesterday, buying the Spanish peseta, after the currency plunged against the D-Mark in the exchange rate mechanism, *writes James Blitz.*

The peseta finished a disastrous week by falling through its central parity against the D-Mark of Pta72.78 for the first time since its devaluation in November of last year.

The currency bottomed out at at Pta74.05 against the D-Mark, still some way above its lower ERM limit of Pta77.28, and closed in London at Pta73.67.

However, the fall came despite a second rise in two days in the Bank of Spain's intervention rate, this time to 15 per cent, and a level intervention that was deemed considerable for the illiquid peseta market. By the close of European trading, it had fallen 4 places in the ERM grid and was classed as the weakest currency.

The belief that the peseta was ripe for devaluation was widespread in the market, the only question being as to the timing.

Mr Neil MacKinnon, an economist at Citibank in London, believes there is scope for a 5-10 per cent devaluation of the currency. He believes that the official forecast of 1 per cent growth this year is optimistic, and that there will be negative GDP of 0.5 per cent in 1993. "There is a pressing need in Spain to bring interest rates down to about 7 per cent in the third quarter of this year from the current level of 15 per cent," he said.

However, the peseta's weakness is seen as an isolated incident in the ERM. Mr Steve Hannah, a director of IBJ international, said that the falls in French and Danish money market rates in recent weeks are a sign of growing confidence in the hard core of the system.

The other focus of attention yesterday was on the dollar which fell sharply against the D-Mark following another poor US economic indicator.

Having failed to capitalise on Thursday's cut in the German discount rate, the dollar was weakened by a 3.7 per cent fall in US durable goods orders. The dollar bottomed out at DM1.5770 and later closed at DM1.5840, some 2 pfennigs down on the day.

Sterling was a touch stronger against both the D-Mark and the dollar yesterday following stronger than expected retail sales figures for March. These rose a seasonally adjusted 0.5 per cent, giving a year on year rise of 4.1 per cent. The pound closed at DM1.5840 from a previous DM1.6065. Mr Avinash Persaud, an economist at UBS, believes the DM2.50 level will soon be breached.

£ IN NEW YORK

Apr.23	Latest	Previous Close
£ Spot	1.5730-1.5740	1.5960 1.5970
1 month	0.36-0.35pm	0.37 0.36pm
3 months	1.13-1.11pm	1.11 1.09pm
12 months	4.28-4.20pm	4.24 4.17pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5750	1.5714	1.5640	1.5530	1.5327
D-mark	2.4959	2.4606	2.5088	2.5123	2.5105
French Fr.	8.4275	8.4286	8.4326	8.4364	8.4386
Swiss Fr.	2.2525	2.2514	2.2477	2.2392	2.2137
Yen	174.25	173.86	173.04	176.72	169.25

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 23	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Irish Punt	0.808098	0.800335	-1.19	2.87	50
Dutch Guilder	2.20045	2.19427	-0.28	1.93	17
Belgian Franc	40.2802	40.1966	-0.21	1.86	13
D-Mark	1.95294	1.95259	-0.02	1.67	6
Portuguese Escudo	180.624	181.690	0.59	1.06	-10
Danish Krone	7.44934	7.49594	0.62	1.02	-25
French Franc	6.54988	6.59196	0.64	1.00	-33
Spanish Peseta	142.150	144.491	1.65	0.00	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5560 - 1.5805	1.5745 - 1.5755	0.37-0.35cpm	2.74	1.12-1.09pm	2.81
Canada	1.9650 - 1.9815	1.9865 - 1.9875	0.23-0.14cpm	1.12	0.41-0.25pm	0.66
Netherlands	2.7875 - 2.8150	2.7976 - 2.8075	½-1⁄2cdis	-1.87	1-1¼dis	-1.61

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5750	1.5714	1.5640	1.5530	1.5327

* Contracts traded on APT. Closing prices shown.

MONEY MARKETS

Rates fall again

THERE were continuing expectations of lower interest rates in parts of Europe yesterday after the Bundesbank unexpectedly eased its discount rate by 25 basis points at its council meeting on Thursday, *writes James Blitz.*

Following the German move, the Bank of France said that it was cutting its intervention rate from 8.75 per cent to 8.50 per cent with effect from Monday.

At the same time, it also cut its 5-10 day rate, the effective ceiling to market rates, by 25 basis points to 9.50 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The move helped to push down French money market rates. One month French francs dropped from about 9.30 per cent to around 8.40 per cent at the end of the day. The June French franc contract rose 13 basis points at one stage, but later closed a net 3 basis points up on the day at 92.01.

Inside Germany, the cost of cash also fell sharply to accommodate the new structure of German rates. Call money was quoted at around 7.50 per cent at the end of the day from a previous close of 7.80 per cent.

Dealers said the official rate cuts had combined with a surplus of liquidity in the German banking system to bring the cost of call money down.

However, the easing of conditions in the German cash market coincided with a sell-off in most Euromark futures contracts. The June contract fell 15 basis points to close et 92.67. The September contract was down 17 basis points to a close of 93.48.

One dealer said the sell-off reflected the belief that Thursday's rally had been too euphoric. The easing of interest rates had also raised fears of higher inflation in the bund market, leading to a fall in German bond prices which had an impact on currency futures.

Conditions in the sterling cash market were very tight after the Bank of England forecast a shortage of £1.05bn. Bills were only offered in the afternoon and the overnight rate peaked at 7.5 per cent. Three-month money remained unchanged at around 6 per cent.

The June short sterling contract fell 9 basis points on the day, to close at 93.84. This followed speculation that base rates had bottomed at 6 per cent following yesterday's stronger-than-expected retail sales figures for March showing a 0.5 per cent increase on the month.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.23)	3 months US dollars	6 months US Dollars	
bid 3⅙	offer 3⅓	bid 3⅜	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.86	Three year	4.10
Broker loan rate	5	Two month	2.81	Five year	4.99
Fed.funds	2⅞	Three month	2.88	Seven year	5.45
Fed.funds at intervention	-	Six month	3.01	10-year	5.85
		One year	3.14	30-year	6.77
		Two year	3.69		

Apr.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.50-7.70	7.90-8.00	7.85-7.95	7.75-7.90	7.35-7.60	8.50
Paris	9⅛-9⅛	9⅛-9⅝	-	8⅛-8⅜	-	8.75
Zurich	4¾-5	5⅞-5⅞	-	4⅞-5	-	-
Amsterdam	7.87-7.90	7.85-7.90	-	7.52-7.57	-	-
Tokyo	3⅛-3⅞	3⅛-3¼	-	3¼-3⅞	-	-
Milan	11⅝-11⅞	11⅛-11⅛	-	11⅛-11¼	-	-
Brussels	7⅛-7⅛	7¾-7⅞	-	7⅛-7⅞	-	-
Dublin	8⅝-8¾	8⅜-8⅝	6¼-6½	8¼-8⅜	8-8⅛	-

LONDON MONEY RATES

Apr 23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	0	6⅞	0	6⅛	0⅞	5⅞
Interbank Bid	5½	5⅞	5⅞	5⅛	6⅛	6¼
Sterling CDs	-	-	5⅜	5⅛	0	0⅞
Local Authority Deps.	0	5⅞	5⅞	5⅛	6⅛	6¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6¼	5⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅛	6⅛	6⅛	6¾
Treasury Bills (Buy)	-	-	6⅛	5⅞	5½	-
Bank Bills (Buy)	-	-	5¼	5¼	5⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.95	2.97	3.02	3.16
SDR Linked Dep. Offer	-	-	4⅞	4⅛	4⅛	4⅛
SDR Linked Dep. Bid	-	-	4¼	4⅛	4⅝	4⅞
ECU Linked Dep. Offer	-	-	8⅞	6⅛	8⅝	7⅛
ECU Linked Dep. Bid	-	-	8⅝	6½	6⅛	7⅛

Treasury Bills (sell); one-month 5⅞ per cent; three months 5⅞ per cent; six months 5⅞ per cent; Bank Bills (sell); one-month 5⅛ per cent; three months 5⅛ per cent; Treasury Bills; Average tender rate of discount 5.3687 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1993. Agreed rates for period April 26, 1993 to May 25, 1993, Scheme E 7.38 p.c., Schemes II & III: 7.25 p.c. Reference rate for period Feb 27, 1993 to March 31, 1993, Scheme IV&V: 6.028 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6½ from April 1, 1993. Bank Deposit Rate for sums at 7 days notice 5⅞ p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993. Deposits withdrawn for cash 1¼p.c.

BANK RETURN

BANKING DEPARTMENT	Wednesday April 21, 1993 £	Increase or decrease for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	148,290,190	- 14,320,038
Bankers Deposits	1,076,980,784	+ 120,099,331
Reserve and other Accounts	4,675,482,700	+ 192,732,330
	6,516,316,654	+ 299,411,623
ASSETS		
Government Securities	1,298,887,132	+ 44,660,000
Advances and other Accounts	4,799,170,124	+ 252,841,456
Premises Equipment & other Secs	453,329,706	- 820,565
Notes	6,695,797	+ 1,871,043
Coin	232,895	+ 16,619
	6,516,316,654	+ 299,411,623
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,503,304,203	- 531,871,043
Notes in Banking Department	6,695,797	+ 1,871,043
	16,510,000,000	- 530,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	6,553,554,099	- 1,314,439,779
Other Securities	9,945,430,801	+ 784,439,779
	16,510,000,000	- 530,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	9
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 4.30 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ◆ Bargains done the previous day.

British Funds, etc
No. of bargains included 2626

Corporation and County Stocks
No. of bargains included 3

UK Public Boards
No. of bargains included 1

Commonwealth-Government
No. of bargains included nil

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 123

Sterling Issues by Overseas Borrowers
No. of bargains included 13

Listed Companies(excluding Investment Trusts)
No. of bargains included 34374

Temple Bar Investment Trust PLC
Cum Prf Stk £1 - 65 6¾
7% Cum Prf Stk £1 - 75 7
Tor Investment Trust PLC4¾% Cum Prf £1 - 60 (19Ap93)
Witan Investment Co PLC2.7% Cum Prf £1 - 42½
6¾% Deb Stk 90/95 - £98
8% Deb Stk 96/99 - £100½ (20Ap93)
8⅜% Deb Stk 2016 - £97¾◆

USM Appendix
No. of bargains included 622

BLP Group PLC8p (Net) Cnv Cum Red Prf 10p - 55 (20Ap93)
Beckenham Group PLC9% Red Cum Non-Vtg Prf £1 - 66
Cooper Clarke Group PLCOrd 50p - 46 (16Ap93)
FBD Holdings PLCOrd Ir£0.50 - I£1.65
Gibbon Lyons Group PLC7% Cum Cnv Red Prf £1 - 70 (20Ap93)
Gibbs Mew PLCOrd 25p - 216
Great Southern Group PLC6.75p Cum Cnv Red Prf 5p - 132
Midland & Scottish Resources PLCOrd 10p - 19 9 ½
Savage Group PLC6.5% (Net) Cum Red Cnv Prf £1 - 68
Total Systems PLCOrd 5p - 82

Rule 535(2)
No. of bargains included 43

All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £14500◆
Ann Street Breweries Co Ld Ord £1 - £3.2 (19Ap93)
Cnv Red 2nd Prf £1 - 98½
Aston Villa Football Club PLCOrd £5(1 vote) - £30
Barclays Investment Fund(C.I.)Sterling Bd Fd

Guernsey Gas Light Co LdOrd 10p - £0½ (21Ap93)
Gallon Group LdOrd 10p - £1.7 (16Ap93)
INVESCO MIM International LdJapan Income & Growth - £1.716
Jennings Bros LdOrd 25p - £2◆
Kleinwort Benson(Int) Fund Man Int Inc
Units Bond Fd - £7.3342
Japanese Fund - $0.8045 (16Ap93)
KB Gilt Fund - £14.66 (21Ap93)
Strategic Inv Fd - £1.267 (19Ap93)
Int Equity Gwth Inc - £2.435◆ 2.60715◆

UAPT-Infolink PLCOrd 25p - £0.22 0.22 (21Ap93)
Union Jack Oil Co LdOrd 25p - £0.95 1 35 (19Ap93)
Vetinary Drug Co PLCOrd £1 - £2.16
Weetabix Ld"A" Non.V Ord 25p - £12.86 12.7 12⅞ 12.8 (21Ap93)
Yates Bros Wine Lodges PLCOrd 25p - £1.35 1.4 (16Ap93)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv 93
City Developments S$4.02
Community Psychiatric Centers $10.257 (20/4)
Dainippon Screen Mfg. Y741.57
Energy Resources Australia A$1.32◆ (19/4)
Forest Laboratories $32.54 (19/4)
Futuris Corp A$1.11 (16/4)
Keystone International 17
Malayan Cement M$4.95 (20/4)
Malaysian Plantations 21
National Electronics 2 (19/4)
Nugini Mining A$2.419 (21/4)
North Flinders Mines 2.98 (16/4)
Oil Search 30 (21/4)
Portman Mining 77 (20/4)
Samantha Hldgs. A$1.83 (21/4)
Sappi Ltd Rnd27.5 (21/4)
Storer Communications $8292 (21/4)
United Overseas Land S$1.569◆ (16/4)

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FT-SE ACTUARIES INDICES

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LONDON STOCK EXCHANGE

Footsie mauled in global market slide

By Steve Thompson

A CONCERTED attack on European bond and equity markets, following hard on the heels of the late slide on Wall Street on Thursday, triggered a sharp sell off in leading UK shares and led to a turbulent session in gilts.

The sustained weakness in the FT-SE 100 Index, plus the pressure on gilts, was all the more surprising following additional evidence that the UK's economic recovery is gathering speed.

But the day's heaviest losses in London equities were concentrated in the top 100 shares following substantial pressure from activity in the Footsie future. The Footsie 100 ended a hectic session 37.3 down at 2,843.8, wiping out most of the strong gains recorded earlier in the week.

London's second-line stocks, on the other hand, encountered very little selling and the FT-SE Mid 250 index, which outperformed the 100 index for much of the week, settled a net 0.5 higher at 3,136.2.

Strong rumours circulating in London shortly before the close that a bid for United Biscuits will be revealed on Monday failed to produce much of a rally in leading stocks. However Biscuits shares surged in the final half-hour's trading.

Wall Street's weakness late on Thursday was said to have been caused by a flurry of selling in US futures. London's 100 index opened almost 10 points off, as the future quickly retreated to a discount to fair value and remained under pressure all day, in company with other European markets. Dealers said the London market absorbed much of the selling in the future and the cash market but backed off when Wall Street opened yesterday under renewed pressure following disappointing durable goods figures for March. The general pressure was said to have been applied by one of the top US broking houses. There were also worries in the US and Europe about the possibility of Russia's President Yeltsin being defeated in the Russian referendum on Sunday; "If Yeltsin loses, the feeling is that there will be a lot more downside than upside in European markets," said a leading trader at one of the UK integrated securities houses.

Gilts traded erratically, and generally closed around the day's lowest levels, despite renewed strength in sterling.

The latter gained ground after the latest encouraging economic news, which included the well-received sales figures for March.

Over the week, the Footsie 100 rose 29.4, or 0.7 per cent, while the FT-SE Mid 250 was up 53.4, or 1.7 per cent.

Equity turnover was 701.2m shares, although this was boosted by some 88m Millwall "new" shares.

Account Dealing Dates

*First Dealings:	Mar 29	Apr 19	May 10
Option Declarations:	Apr 15	May 6	May 20
Last Dealings:	Apr 16	May 7	May 21
Account Day:	Apr 26	May 17	Jun 1

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index

Source: FT Graphite

Hanson bid talk lifts UB

A RAPID 25-point turnaround in the share price of United Biscuits ignited renewed takeover speculation, with conglomerate Hanson emerging as the favourite potential predator. Others mentioned included Cadbury-Schweppes and US outfits Philip Morris and Campbell Soups. But it was the acquisitive Hanson that sparked most dealers' interests, although food manufacturing specialists remained sceptical.

Before the rumours, UB shares had spent most of the session drifting back with the market, the shares settling 9 off around 3pm. However, as the takeover talk gained currency the shares spurted forward, putting on 35 points in just half an hour. Marketmakers said excitement was further generated by much of the business being transacted through the IDB network, the inter-dealer broker system which guarantees anonymity for both buyers and sellers and excludes brokers. Options activity was also reported. The shares closed 14 ahead at 399p in turnover of 2.4m.

Such was the strength of the rumour that some dealers were confidentially predicting a Monday morning bid of 650p a share, valuing UB at over £3bn. The accompanying rights issue such a huge takeover would require satisfied the equation for the market that a major bid has been in the offing in recent weeks.

Earlier this week, Cadbury shares were hit on rights issue fears as it talked to analysts about making acquisitions. However, food analysts derided a Cadbury bid, arguing that the confectionery group already had a firm strategy away from the snack food business.

Hanson's name also brought scepticism, with specialists suggesting UB's asset value – which some put at under 200p – would mean a large premium for goodwill, not a noted Hanson speciality. The potential US bidders were largely discounted on finance raising grounds. Hanson shares declined 3½ to 238p. Cadbury-Schweppes lost 3 to 479p.

Dollar stocks down

A stronger pound hit big dollar-earning stocks. Having failed to benefit from Thursday's cut in the German discount rate, the dollar was weakened by a 3.7 per cent fall in US durable goods orders. The pound was stronger in its own right and closed in London almost three cents higher against the US currency.

The currency shift prompted a sharp reversal in the recent strong performance by the oil majors. Shell Transport fell 14 to 566p and BP dropped 10¼ to 289½p. However, the pharmaceuticals sector, which had seen the timid return of some US buyers, suffered most heavily. Glaxo was the hardest hit stock in the FT-SE 100 index of leading companies with the shares falling 27 to 575p, Wellcome shed 24 to 736p and SmithKline Beecham crumbled 15 to 449p in the 'A's. With one foot in the drugs sector ahead of the impending demerger of its bioscience arm, ICI lost 31 1257p but still closed comfortably up on the week.

Next Thursday the group will announce first quarter results that are expected to come in around £180m, down from the same period last year but better than earlier forecasts.

Barclays sought

An argument that the bank most badly hit by the recession should be the one to gain most effectively from economic recovery prompted one securities house to repeat its enthusiasm on Barclays in spite of a recent strong run.

Kleinwort Benson reiterated its buy stance on the stock and added a 1995 profit forecast of £1.8bn to its existing 1993 estimate of £600m and its 1994 figure of £1.1bn. There was also some catching up with stablemate NatWest, which outperformed Barclays earlier in the week following a recommendation from Morgan Stanley.

Barclays shares rose 7 to 440p on turnover of 7.8m while profit-takers took NatWest down 4½ to 468p.

Thames sold

The bid by Pearson for Thames Television had been widely signalled but the terms were generally appreciated and both stocks held out against the overall weak market.

Most analysts argued that the 200p-a-share agreed bid, valuing Thames at £99m, would boost Pearson's earnings and be a good fit for its increasing exposure to media and leisure. The £25m cash which makes up part of the assets, and to which most analysts were unaware of until Thames results were published earlier this week, pleased media observers.

Nevertheless there was some caution over the synergy. Ms Louise Barton of Henderson Crosthwaite said: "The quality of earnings from production companies is pretty low." Pearson shares closed a net 10 higher at 429p while Thames jumped 20 to 185p.

A large programme trade was said to have left marketmakers scrambling for stock in Allied Lyons and Whitbread. The shares were squeezed up 5 to 580p and 11 to 471p respectively. Whitbread also benefited from domestic recovery talk.

However, Bass, off 6 to 548p, was hurt by presentations held by Courage. The Australian-owned brewer has been reiterating its threat to defend market share in the UK.

BZW was recommending Shoprite after a recent visit. The shares gained 26 to 683p.

Budgens spurted forward as the company announced that the German REWE Group was buying a 26.3 per cent stake from BIL Securities. A price of 55p a share has been agreed. Budgens shares added 3 to 49p.

Broker recommendations published earlier in the week continued to power British Aerospace and the shares gained 9½ to 318½p, closing at their highest level this year. Kleinwort Benson was said to be the latest house to point out the virtues of the stock.

British Steel saw big two-way business and ended the day ¾ lighter at 93p. It traded 6.5m, but there was also one very large order, equivalent to more than 19m underlying shares carried out in traded options, and said to have been executed by Kleinwort Benson.

Analysts remained positive about Smiths Industries following results on Wednesday and the shares firmed 4 to 357p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Christopher Price.

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (170).

OTHER FIXED INTEREST (3) CANADIANS (2) Amer. Barrick, Echo Bay, BREWERS (1) Fuller STA, BLDG MATLS (14) Baggeridge Brick, Blue Circle, Erith, Helton, Hepworth, Heywood Wilms., Do Cv. Pf., Kalon, Marley, Newman Tonks, Pilkington, Polypipe, Travis Perkins, Wickes, BUSINESS SERVS (3) Christies, Gardiner, Gardner (DC), Reed Exec., Serco, CHEMS (2) Croda, Ellis & Everard, CONGLOMERATES (1) Fletcher Chinge., CONTG & CONSTRCN (23) AMEC, Barratt Dev., Berkeley, Boot, Bryant, CALA, Countryside, Cussins, Gleeson, Jarvis, Laing (J), Do NV, Lovell, Maunders, McAlpine, Mowlem, Persimmon, Prowting, Vibroplant, Westbury, Wilson Bowden, Wilson (Connolly), Wimpey, ELECTRICALS (2) Emess, Wholesale Ftgs., ELECTRONICS (7) Control Techs., Densitron, Feedback, Forward, Logica, Rademec, TDS, ENG AERO (1) Br. Aerospace, ENG GEN (7) Clyde Blowers, FKI, Hall, IMI, Mayflower, Syltone, Whessoe, FOOD MANUF (3) Barr, Linton, Sheldon Jones, HEALTH & HSEHOLD (1) Ransom, HOTELS & LEIS (3) Boosey & Hawkes, Fairline Boats, Sunleigh, INSCE BROKERS (1) Berry Birch, INV TRUSTS (19) Abtrust New Thai, Do Wts., Drayton Korea, Do Wts., Fleming Emrg. Mkts., Do Wts., Fulcrum Zero Pf., Gartmore Emrg. Pacific, Henderson Eurotrust Uts., Henderson Strata, Hong Kong, JF Fldg. Japan, Keystone, Majedie, New Frontiers 8¼pc '10, SPRAIT Wts., Scot. Asian Wts., Sect. Tst. Scot., Sphere Zero Pf., MEDIA (8) Abbott Mead, BBB, Johnston Press, Pearson, Taylor Nelson AGB, Ulster TV, WPP, Watmoughs, MTL & MTL FORMING (2) Bifham, Glynwed, MISC (6) Alumasc, Calderburn, Le Creuset, Nobo, Savage, Walker Greenbank, MOTORS (3) Burndene, Cowie, Davenport Vernon, OIL & GAS (8) Command, Crusader, Edinburgh, Gaelic, Hardy, Tullow, OTHER FINCL (10) First Natl. 7pc Pf., Garrard & Natl., Guinness Peat, Ivory & Sime, Jupiter Tyndall, Lon. Forfaiting, Perpetual, Provident Fincl., St James's Place, Union Discount, OTHER INDLS (2) Norcros, Wilshaw, PACKG, PAPER & PRNTG (11) API, Arjo Wiggins, Bisgdon, Capital Inds., Gibbon Lyons, NMC, Smith (DS), Staf-Plus, Tinsley Robor, Wace, Do 8pc Pf., PROP (7) Cap. & Regional, Declan, Hambro C'wide, Regalian, Savills, Shaftesbury, Wood (JD), STORES (6) Amber Day, Austin Reed, Courts, Etam, Kingfisher, Do 8½pc Ln. '03, Oliver, Ratners, Sears, TEXTS (9) Jacquest Vert, Parkland, Sherwood, TRANSPORT (1) Jacobs, MINES (7) Centenary, Coeeus, Hartebeest, PosGold, Resolute, Southvaal, Welkom.

NEW LOWS (29).

AMERICANS (3) Amdahl, CPC, Data Gen., BLDG MATLS (1) St Gobain, BUSINESS SERVS (2) Page (M), Rentokil, CHEMS (1) Engelhard, ELECTRONICS (1) Micro Focus, FOOD RETAILING (1) Low, HEALTH & HSEHOLD (5) AAH, [illegible] ... TEXTS (1) Campari.

EQUITY FUTURES AND OPTIONS TRADING

HEAVY selling of the June Footsie futures contract not only boosted turnover but led to the day's big fall in the underlying equities market, writes Joel Kibazo.

Having opened at 2,884, June went into retreat with a leading US house said to have led the way with a big selling order. Further selling was seen by UK holders convinced there was unlikely to be a cut in UK base rates.

Attempts at a rally were seen following the 11.30am release of favourable UK economic data, but this soon petered out leaving June to continue to slide.

The poor opening on Wall Street was seen as a cue for further selling and the contract fell to the day's low of 2,845 in the last hour of trading. It finished at 2,850, down 43 and at a slight discount to the underlying cash market. Turnover at 14,984 was heavy.

Trading in British Steel mainly by Kleinwort Benson was the main feature in the traded options. By the close volume in the stock was 19,115. Total turnover was a hefty 52,354 lots.

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FINANCIAL TIMES EQUITY INDICES

[illegible]

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday April 23 1993

Gold Mines Index	+	89.98	Motors	+	5.92
Contracting, Construction	+	32.37	Business Services	+	5.87
Merchant Banks	+	28.28	Chemicals	+	5.78
Engineering-Aerospace	+	25.85	Other Industrials	+	4.30
Metals & Metal Forming	+	25.36	Media	+	3.76
Property	+	19.59	Conglomerates	+	3.53
Building Materials	+	17.36	Insurance (Composite)	+	3.35
FT-SE SmallCap ex Inv Tst	+	16.69	Transport	+	3.19
FT-SE SmallCap	+	14.81	Food Manufacturing	+	3.10
Banks	+	15.24	FT-A All-Share	+	2.64
Insurance (Life)	+	14.81	Other Goods	+	2.40
Financial Group	+	14.03	FT-SE-A 350	+	1.90
Electronics	+	13.34	Stores	+	1.40
Capital Goods	+	11.86	Telephone Networks	+	1.29
Packaging, Paper & Printing	+	11.83	"500" Share Index	+	0.94
Electricity	+	9.84	Industrial Group	-	0.05
FT-SE Mid 250	+	9.55	FT-SE 100	-	0.09
Engineering-General	+	9.30	Insurance Brokers	-	0.76
Electricals	+	8.24	Hotels & Leisure	-	1.18
Investment Trusts	+	7.79	Consumer Group	-	5.97
Water	+	6.84	Brewers & Distillers	-	7.48
Oil & Gas	+	6.80	Food Retailing	-	7.70
Textiles	+	6.63	Health & Household	-	20.17

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		8.500	08/03	114.2229	+0.461	7.48	7.49	7.73
BELGIUM		9.000	03/03	110.4500	-0.500	7.47	7.38	7.56
CANADA *		7.250	06/03	99.4500	+0.100	7.33	7.32	7.39
DENMARK		8.000	05/03	102.7750	-0.350	7.59	7.92	8.16
FRANCE	BTAN	8.000	05/98	104.6918	-0.258	6.86	6.87	7.11
	OAT	8.500	04/03	108.5200	-0.770	7.13	7.09	7.37
GERMANY		7.125	12/02	103.3550	-0.580	6.63	6.56	6.69
ITALY		11.500	03/03	94.2250	+0.215	12.92†	13.18	12.99
JAPAN	No 119	4.800	06/99	103.4917	+0.173	4.09	4.18	4.09
	No 145	5.500	03/02	108.7065	-0.112	4.18	4.26	4.09
NETHERLANDS		7.000	02/03	103.2200	-0.220	6.53	6.52	6.68
SPAIN		10.300	06/02	93.1727	-0.202	11.53	11.48	11.65
UK GILTS		7.250	03/98	100-27	-2/32	7.04	6.93	6.75
		8.000	06/03	100-18	+2/32	7.91	7.83	7.70
		9.000	10/08	105-28	+6/32	6.32	8.27	8.28
US TREASURY *		6.250	02/03	102-29	+4/32	5.85	5.88	5.90
		7.125	02/23	104-13	+1/32	6.78	6.75	6.77
ECU (French Govt)		8.000	04/03	102.8800	-0.090	7.58	7.57	7.68

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

RISES AND FALLS YESTERDAY

[illegible]

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2843.8 -37.3	3136.2 +0.5	1399.84 -13.04

	Apr 23	Day's change	Apr 22	Apr 21	Apr 20	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1993 High	1993 Low
FT-SE 100	2843.8	-1.3	2881.1	2869.8	2856.1	2643.0	6.30	4.01	18.81	38.73	2957.3 8/3	2737.6 19/1
[illegible]												

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	148.3	149.8	157.8	-2.80	0.00
AIB Grofund Equity	5	207.2	210.1	222.4	-0.20	3.25
AIB Grofund Euro	5	158.1	159.7	168.1	-1.00	0.09
AIB Grofund Eql Balanced	3	100.9	102.7	109.9	+1.16	1.96
AIB Grofund Gilt	3	77.02	77.03	79.41	-0.22	5.10
AIB Grofund Japan	5	156.7	158.1	166.5	-2.28	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	5	415.9	417.9xd	444.6	-1.6	2.38
General Acc	5	456.3	458.4xd	487.7	-1.6	2.38
UK Growth Acc	6	309.1	310.3xd	330.2	-0.4	2.72
UK Growth Inc	6	218.8	219.8xd	233.9	-0.5	2.72
Higher Inc Acc	6	559.6	567.9xd	604.2	—	3.65
Higher Inc Inc	6	338.6	344.7xd	366.8	—	3.65
Gilts/Fxd Int Acc	5½	174.0	174.0xd	183.7	+0.2	8.13
Gilts/Fxd Int Inc	5½	91.10	91.18xd	96.30	+0.38	8.13
Nth America	6	233.5	239.1xd	254.4	-2.2	0.00
Far East	6	270.1	276.1xd	293.8	-2.2	0.20
Europe	6	213.3	215.9xd	229.7	-1.6	0.92
Brit Excell	6	63.00	63.00	67.03	-0.23	2.67
Brit Fndmnts Acc	6	80.91	85.61xd	91.08	+0.44	4.88
Brit Fndmnts Inc	6	66.41	66.41xd	70.65	+0.33	4.88
Global Opps	6	65.30	69.01	73.42	-0.[illegible]	0.00
Balanced Acc	6	46.82	46.98	49.92	-0.01	3.06
Balanced Inc	6	46.82	46.92	49.92	-0.01	[illegible]
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
Gilts & Fixed Int	6	129.5	129.5xd	137.3	[illegible]	5.98
High Inc Equity	6	146.1	149.1xd	158.6	[illegible]	0.92
Worldwide Bond	6	261.7	261.7	277.8	[illegible]	4.04
American Growth	6	274.7	274.7	293.0	[illegible]	[illegible]
Asian Pacific	6	220.6	225.0	239.2	[illegible]	[illegible]
Assets & Earnings	6	223.7	228.1	242.6	[illegible]	2.32
Capital Reserve Acc	5	125.5	125.5	125.5	[illegible]	5.21
Comdty & Energy	6	69.00	69.00xd	73.70	[illegible]	[illegible]
1992 Enterprise	6	80.01	80.01	85.57	[illegible]	2.06
Euro Capital Acc	6	107.1	107.1	114.5	[illegible]	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set at the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071-407 5966						
Income	5	388.39	388.78	413.18	-1.82	4.27
Global Inc	5	57.27	57.27	60.92	-0.56	3.10
Brit Leaders	5	311.31	311.31	331.18	-2.10	5.14
Intl Leaders	5	181.08	181.60	193.29	-0.80	0.67
F&s Bs Gwth Inc	3¼	52.80	54.28	58.41	-0.05	2.80
Singer & Friedlander UT Mngmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	51.83	51.98	55.28	-0.45	1.25
Far Eastern Tst	6	56.04	58.66	62.01	-0.21	0.80
Smaller Cos	5	140.0	163.4	183.2	+1.3	1.83
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American $	5	253.0	263.0	280.3	+0.70	0.73
S & W Capital	5	116.7	116.7	125.0	+0.70	1.78
S & W Cash $	0	100.44	100.44	100.44	+0.01	3.43
S & W European	5	112.8	112.1	118.0	-0.50	1.30
S & W Far Eastern	5	134.7	138.2	144.1		0.00
S & W Growth	5	126.5	128.4	135.8	+0.40	1.29
S & W Income	5	112.2	113.3	118.9	+0.40	4.50
S & W Magnum	5	123.2	123.2	132.1		1.62
S & W Smlr Secs	5	305.1	311.3	329.3	-4.20	0.09
S & W Throughbone	5	142.5	142.8	162.0		1.58
Societe Generale Touche Remnant (1200)F						
3 Finsbury Ave, EC2M 2PA 071-418 4029						
American Gwth	3¼	78.06	78.06	83.48		0
Eur Sp Sits Acc	5¼	40.43	40.43	40.37		0
Eur Sp Sits Inc	5¼	43.05	43.05	46.03		0
Far East Opps Inc	5¼	29.94	29.94	32.23		0
Far East Opps Acc	5¼	30.78	30.78	33.15		0
General Growth	5¼	98.11	98.11	105.10		2.81
General Growth Acc	5¼	100.00	100.00	107.00		2.80
Global Tech	5¼	107.00	107.00	116.20		0
Income Growth	5¼	100.10	100.10	107.70		3.47
Income Growth Acc	5¼	102.70	102.70	109.70		3.47
Income Monthly	5¼	56.24	56.24	60.14		4.27
Japan Growth	5¼	77.41	77.41	82.29		0
Overseas Growth	5¼	72.78	72.79	77.52		0
Smaller Cos	5¼	68.76	68.70	74.04		1.66
Special Opps	5¼	100.00	100.00	100.40		2.17
Wwide Sp Sit Acc	5¼	45.18	45.10	48.73		0
Wwide Sp Sit Inc	5¼	45.00	45.00	[illegible]		0
SGTR Pension Portfolio						
American Growth	6	40.75	47.50	58.35		-
Eur Sp Sits	6	37.32	37.70	39.96		-
General Growth	6	39.46	37.13	39.34		-
Global Tech	0	42.11	43.21	45.00		-
Income Growth	0	30.60	34.40	36.47		-
Japan Growth	6	24.23	24.47	25.94		-
Overseas Growth	0	51.82	51.09	33.91		-
Smaller Cos	0	18.05	18.44	19.54		-
Special Opps	0	22.77	23.25	24.64		-
Stlg Liquidity	6	35.06	30.80	30.52		-
Wwide Sp Sits	6	36.70	37.04	39.99		-

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	163.0	172.8	-1.0	-
Accum Equity	249.0	263.0	-1.0	-
Accum Managed	262.5	276.5	-1.8	-
Accum Five Star	194.5	205.5	—	-
Accum Wwid	143.0	151.8	-0.5	-
Accum Emerg Mkts	231.0	244.0	+0.0	-
Pens Acc Equity	277.0	292.0	-1.5	-
Pens Acc Managed	348.5	365.0	-0.5	-
Pens Acc Emerg Mkts	275.5	290.5	+0.5	-
Pens Acc Deposit	234.0	246.5	—	-
Pens Acc Five Star	218.5	230.5	-0.6	-
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	268.4	281.1	-0.7	-
UK Fixed Int Acc	221.4	233.6	-1.0	-
Intl Equities Acc	223.8	238.1	-1.2	-
UK Managed Acc	193.7	204.3	+0.4	-
Property Acc	221.2	233.4	—	-
Money Acc	145.8	153.9	—	-
Special Market Acc	187.9	198.3	-0.6	-
Japan Equity Acc	114.1	100.4	-0.8	-
North American Acc	144.0	152.0	-2.1	-
Pacific Acc	134.9	142.3	-1.2	-
European Acc	122.7	129.6	+0.3	-
Hong Kong Acc	115.0	121.4	-2.1	-
Int Fixed Interest Acc	73.8	77.9	-0.6	-
Int Managed Acc	69.6	73.4	-0.3	-
HIP Managed 5 Acc	120.0	126.5	+0.3	-
HIP Managed III Acc	130.7	137.8	-0.8	-
Balanced Growth Acc	115.7	122.6	-0.4	-
Building Society	100.0		—	4.33
Total Investment Bond				
UK Equity Initial	179.1		-0.5	-
UK Fixed Int Initial	148.3		-0.6	-

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
Pension Unit Trust Funds				
Gartmore Global Ser B	224.3	236.2	-0.8	-
Gartmore NA Ser B	147.0	154.8	-0.5	-
Gartmore Pacific Ser B	418.0	441.9	-1.8	-
Henderson Acc Ser B	231.3	243.5	+0.3	-
Perpetual Mng Ser B	268.0	272.3	+0.7	-
Framlington Mi Ser B	221.7	233.4	+0.2	-
Gartmore Mngd Ser B	256.6	270.2	+0.4	-
Gartmore Euro Ser B	163.4	172.0	-0.1	-
Gartmore Global Ser D	145.1		-0.3	-
Gartmore NA Ser D	171.0		-0.9	-
Gartmore Pacific Ser D	226.9		-1.0	-
Henderson Acc Ser D	170.0		+0.2	-
Perpetual Mng Ser D	194.4		+0.3	-
Framlington Mi Ser D	182.3		+0.1	-
Gartmore Mngd Ser D	217.1		+0.3	-
Gartmore Euro Ser D	128.8		-0.1	-
Baring Funds				
Eastern	282.0	296.9	+0.2	-
European Smlr Cos	161.9	170.2	-1.3	-
Managed	180.7	180.3	-1.8	-
Gartmore Funds				
British	324.0	341.8	+0.8	-
European	216.1	229.6	-1.3	-
Frontier Markets	143.7	151.3	-1.4	-
Global Bond	112.0	117.0	-0.7	-
Gold Intl Resources	54.3	57.2	-0.5	-
High Inc	260.7	274.5	-1.3	-
Hong Kong	330.1	347.9	-0.5	-
Income	394.9	415.8	—	-
Japan	381.3	401.4	-4.3	-
UK Smlr Cos	273.7	288.2	-7.2	-
Man Gth	401.7	422.9	-1.0	-
Global Inc & Gwth	153.0	161.1	-1.2	-
Pacific Growth	250.0	263.2	-0.1	-
European Smaller	138.6	145.5	-0.7	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

IRELAND (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

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Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 188, St. Helier, Jersey 0534 74689						
Capital House International Growth Funds Ltd ◆						
Equities						
UK Equity	5½	£1.482	1.502	1.594	[illegible]	-
North American	2½	$1.714	1.748	1.853	[illegible]	-
Japanese	6½	$1.844	1.682	1.784	[illegible]	-
Pacific Basin	4½	$3.142	3.105	3.395	[illegible]	-
Continental European	5½	$2.429	2.458	2.609	-.013	-
Gold	5½	$0.929	0.929	0.982	[illegible]	-
Hong Kong		$-	-	-	-	-
Bonds						
Sterling Bond	5½	£1.918	1.919	2.036	[illegible]	6.43
International Bond	5½	$2.219	2.219	2.352	[illegible]	4.63
US Dollar Bond	6½	$1.689	1.689	1.769	[illegible]	4.32
Currencies						
£ Sterling	6	£31.09	31.09	21.09	-	4.98
US$	6	$20.69	20.59	[illegible]	-	2.09
Japanese Yen	6	Y4001	4001	4001	+1	2.71
D Marks	0	DM70.01	70.01	70.51	+0.01	7.37
Ecu's	6	Ecu33.82	33.82	33.82	-	8.18
Managed						
Int Portfolio	5½	$1.902	1.902	2.019	[illegible]	0.00
Managed Currency	5½	£2.487	2.487	2.612	-	1.09

		Bid Price	+ or -	Yield Gr's
Gartmore Fund Managers International Ltd				
PO Box 278, 45 La Motte St, Jersey 0534 27535				
Capital Strategy Fund Ltd 00				
American Fd	$-	1.9820	[illegible]	-
Canadian Fd	C$-	0.8702	[illegible]	-
British Fund	£-	2.9640	[illegible]	1.25
European Fund	DM-	5.0760	[illegible]	-
Asia Pacific Fd	$-	3.0460	[illegible]	-
Japan Fund	Y-	671.7000	[illegible]	-
Australasian Fd	A$-	0.4114	[illegible]	2.00
Global Resources	$-	0.7262	[illegible]	1.85
Emerging Mkts Fd	$-	2.1260	[illegible]	0.50
Int Growth Fund	$-	3.4530	[illegible]	8.50
Sterling Bond Fd	£-	1.1860	[illegible]	6.63
ECU Bond Fund	Ecu-	0.9788	[illegible]	7.05
Int Bond Fund	$-	1.3250	[illegible]	4.94
US$ Deposit Fd	$-	1.0030	-	2.00

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

WORLD STOCK MARKETS

US MARKETS (3 pm)

CANADA (3 pm)

JAPAN

INDICES

NEW YORK

DOW JONES

	Apr 22	Apr 21	Apr 20	Apr 19	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3423.17	3439.44	3443.49	3436.93	3478.61 (16/4)	3241.95 (20/1)	3478.61 (16/4/93)	41.22 (2/7/32)
Home Bonds	106.86	107.00	106.84	106.93	107.00 (21/4)	103.49 (11/1)	107.00 (21/4/93)	54.99 (1/10/81)
Transport	1627.28	1665.76	1645.01	1667.17	1683.06 (16/4)	1453.64 (4/1)	1683.06 (16/4/93)	12.32 (8/7/32)
Utilities	239.87	240.86	243.30	245.37	247.66 (16/4)	217.14 (8/1)	247.66 (16/4/93)	10.50 (8/4/32)

DJ Ind. Day's High 3488.33 (3480.77) Low 3399.99 (3401.34) (Theoretical)♣
Day's High 3470.77 (3453.21) Low 3424.04 (3427.01) (Actual)♣

STANDARD AND POOR'S

	Apr 22	Apr 21	Apr 20	Apr 19	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	439.46	443.63	445.10	447.46	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials¥	501.26	505.37	505.86	507.42	524.99 (10/3)	487.53 (16/2)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	44.00	44.36	45.06	45.94	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	243.08	245.07	245.72	247.02	251.36 (10/3)	238.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	419.33	419.03	417.41	418.26	423.45 (31/3)	395.84 (8/1)	423.43 (31/3/93)	29.31 (9/12/72)
NASDAQ Composite	663.51	664.04	661.97	663.03	708.85 (4/2)	651.40 (23/2)	708.85 (4/2/93)	54.87 (31/10/72)

	Apr 16	Apr 8	Apr 2	year ago (approx.)
Dow Industrial Div. Yield	3.04	2.98	2.95	2.95

	Apr 21	Apr 14	Apr 7	year ago (approx.)
S & P Industrial div. yield	2.64	2.62	2.55	2.57
S & P Ind. P/E ratio	25.92	26.09	25.82	28.46

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Tenneco	8,386,400	46½	- ⅜
Chicorp	4,808,600	28⅛	+ ⅜
RJR Nabisco	4,349,500	5¾	- ⅛
Wal-Mart Stores	4,035,000	26¾	+ ⅛
Chrysler	3,941,000	39	- ⅞
Union Carbide	3,851,400	20¼	+ ⅝
Alza Corp	3,877,200	28⅝	- 5¾
Home Depot	3,287,300	42⅞	+ ¼
Philip Morris	3,210,100	47¾	- 1
Advanced Micro	3,184,300	31⅛	+ 2⅛

TRADING ACTIVITY

† Volume Millions	Apr 22	Apr 21	Apr 20
New York SE	295.797	286.255	317.063
Amex	14.785	17.232	12.226
NASDAQ	(d)	248.439	251.324
NYSE			
Issues Traded	2,491	2,494	2,502
Rises	781	927	689
Falls	1,152	953	1,240
Unchanged	558	614	573
New Highs	62	66	66
New Lows	16	19	41

CANADA

TORONTO

	Apr 22	Apr 21	Apr 20	Apr 19	1993 HIGH	1993 LOW
Metals & Minerals	2812.59	2857.25	2870.30	2882.32	2972.25 (9/2)	2743.31 (21/1)
Composite	3665.70	3683.83	3663.34	3663.22	3665.70 (22/4)	3275.80 (21/1)
MONTREAL Portfolio	1825.28	1830.80	1833.50	1839.81	1858.83 (23/3)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation. ♣ Corrected figures.

	Apr 23	Apr 22	Apr 21	Apr 20	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1702.6	1705.4	1693.8	1703.6	1705.40 (22/4)	1435.00 (13/1)
All Mining (1/1/80)	679.6	677.3	671.5	677.4	685.10 (15/4)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	329.64	330.50	327.82	327.30	357.76 (9/3)	300.26 (14/1)
Traded Index (2/1/91)	778.68	780.54	771.97	769.19	860.17 (3/3)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1223.94	1241.86	1247.21	1251.91	1269.11 (7/4)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	286.29	283.61	284.31	285.24	289.84 (4/2)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1118.6	1100.8	1085.3	1093.0	1118.60 (23/4)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	527.50	524.68	527.50	532.30	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1916.58	1944.46	1931.89	1949.33	2035.91 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	657.33	658.10	657.81	665.33	675.79 (10/3)	598.92 (14/1)
Commerzbank (1/12/53)	1870.2	1886.8	1870.0	1892.8	1906.10 (10/3)	1694.30 (14/1)
DAX (30/12/87)	1657.10	1686.74	1666.87	1687.11	1717.40 (11/3)	1518.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	6750.94	6759.24	6768.39	6638.54	6789.74 (14/4)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1537.81	1554.27	1558.74	1556.82	1591.74 (16/4)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	531.63	528.20	518.17	522.72	535.72 (4/3)	448.33 (6/1)
MIB General (4/1/93)	1175.0	1167.0	1145.0	1155.0	1186.00 (2/3)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	19704.15	19591.31	19773.01	19828.43	20740.29 (13/4)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1532.69	1523.03	1532.56	1543.34	1608.78 (13/4)	1250.06 (25/1)
2nd Section (4/1/68)	2018.18	2037.87	2037.89	2056.17	2078.88 (16/4)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	691.85	691.45	691.70	672.53	691.70 (21/4)	614.28 (13/1)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	328.5	332.1	331.3	331.7	332.70 (19/4)	295.70 (4/1)
CBS All Shr (End 1983)	220.7	223.1	222.6	222.9	223.50 (19/4)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	784.45	782.38	780.18	781.97	793.47 (19/4)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1548.98	1540.70	1532.76	1554.81	1583.25 (15/4)	1270.88 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	437.81	437.14	437.45	437.56	438.13 (19/4)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1316.0¥	1218.0	1216.0	1244.0	1318.00 (22/4)	775.00 (5/1)
JSE Industrial (28/9/78)	4345.0¥	4350.0	4369.0	4354.0	4645.00 (10/2)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	736.70	737.59	733.58	721.66	737.59 (22/4)	606.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	247.03	245.70	242.45	243.62	247.03 (23/4)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1026.4	1033.3	1026.00	1010.50	1039.00 (8/3)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	959.0	967.0	964.1	958.6	970.40 (1/4)	904.80 (11/1)
SBC General (1/4/87)	739.2	744.2	744.2	742.8	745.90 (2/4)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	4568.25	4631.69	4482.93	4448.43	5013.28 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	901.26	895.01	888.42	884.22	938.44 (25/1)	849.20 (30/3)
WORLD						
M.S. Capital Intl.(1/1/70) $	551.8*	550.9	551.8	555.0	560.80 (13/4)	488.60 (13/1)
Euro Top-100 (26/6/90)	961.51	968.47	963.81	961.92	968.47 (22/4)	862.73 (13/1)

**Saturday April 17: Taiwan Weighted Price: 4,497.88, Korea Comp Ex. 712.30.
¥ Subject to official recalculation.

*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow pressured by poor economic data

Wall Street

AFTER posting early losses on news of a big fall in durable goods orders, US share prices recovered some of their lost ground at midsession, *writes Patrick Harverson in New York.*

At 1pm, the Dow Jones Industrial Average was down 12.16 at 3,417.01. The more broadly based Standard & Poor's 500 was down 1.41 at 438.05, while the Amex composite was 0.61 lower at 418.72, and the Nasdaq composite down 4.55 at 658.96. Trading volume on the NYSE was 156m shares by 1pm.

Prices opened lower, dropping more than 20 points in the first 90 minutes as sentiment was pressured by selling in the futures market and by bad economic news. The commerce department reported that durable goods orders fell 3.7 per cent in March. Even accounting for the impact on orders of the severe March winter storms, the decline, the biggest in 15 months, was much bigger than expected. Analysts had forecast a drop of about 0.5 per cent. The disappointing durable goods figures followed a string of weak data (including retail sales, industrial production and employment numbers) which suggest that the economy has been cooling off lately.

The markets were also undermined by trading activity in the stock index futures market. Traders pointed out that on Thursday S&P 500 futures closed at a discount to the price of the stocks underlying the index – a bad omen for the cash markets.

Prices bounced back from their lows, however, and by early afternoon the loss on the Dow had been trimmed to single digits.

American Express rose $⅞ to $29 in volume of 1.6m shares after the troubled financial services and travel group announced stronger than expected first quarter operating earnings of 75 cents a share. Investors were pleased by the improved performance of its credit card and investment banking operations.

Bank stocks, which have been riding high all year in anticipation of improved profitability, continue to suffer as investors took profits and expressed concern about the earnings outlook. Chemical fell $⅞ to $38¼, Chase Manhattan eased $⅛ to $32, Citicorp dropped $⅛ to $27⅛, Banc One gave up $⅞ at $54⅞ and BankAmerica fell $1 to $47⅞.

Cyclical stocks were hit by the weak economic numbers. Minnesota Mining & Manufacturing fell $1⅛ to $113¼, International Paper gave up $1¼ at $65⅞ and Goodyear Tire fell $1¼ to $73¾.

Canada

TORONTO posted marginal gains at midday, led by a rise in the gold sector. The TSE-300 index rose 6.09 to 3,671.80 in volume of 33.2m shares, valued at C$296m. Gainers led losers 287 to 251, with 213 issues unchanged.

EUROPE

Spain rises on prospects for devaluation

CENTRAL banks acted in concert to support the peseta, there were further interest rate cuts, particularly from France, and some investors began to worry about the outcome of Sunday's Russian referendum, *writes Our Markets Staff.*

MADRID was volatile in early trading but regained positive territory later in the session. The general index ended 1.33 higher at 247.03, a 3 per cent gain on the week and a year's high, as turnover soared to nearly Pta30bn.

Mr Chris Cooper of James Capel observed that it was rather a question of when, rather than if, the peseta was devalued, although the Socialist government had been clinging to a desire to hold off until after the June 6 elections.

Mr James Cornish of NatWest Securities expects interest rates to come down swiftly after devaluation and has overweighted the market accordingly.

In the market there was considerable activity in exporters with Acerinox, the stainless steel producer, a significant gainer, closing up Pta500 at Pta7,900.

Among the banks, Popular and Santander both showed strongly with respective gains of Pta520 and Pta70 to Pta14,600 and Pta5,100. Utilities were sold with Iberdrola slipping Pta25 to Pta708.

PARIS was active on the last day of the account with considerable US selling noted. The CAC-40 index, driven by futures, lost 27.8 to 1,916.58 after a high of 1,946 and a low of 1,900. The index has abed 3.5 per cent on the week. Turnover was FFr3.4bn.

Mr Michael Woodcock of Nikko Europe commented that the repo rate cut by the Bank of France had been expected and lent little support. In spite of the day's declines he believes that the market will rise again next week to test the 2,000 level.

Peugeot went against the trend with a rise of FFr22 to FFr564 as buyers came in after positive comments from Mr Jacques Calvet. However, some analysts feel that Mr Calvet's hopes of a slowdown in the fall in European car sales are too optimistic, since there would have to be a phenomenal recovery in the second half.

Elf lost FFr13 to FFr357 on indirect confirmation that it would be interested in increasing its stake in Petrofina while among the financials Paribas outperformed with a rise of FFr3.80 to FFr425.

BRUSSELS met profit-taking amid uncertainty over the Russian referendum and the Bel-20 index dipped 17.92 to 1,223.94, for a weekly fall of 2.4 per cent. Petrofina dipped 6 per cent at one stage before closing BFr320 or 3.5 per cent lower at BFr8,770. But the share subsequently picked up to BFr9,050 in the London after-market after suggestions that Elf was interested in increasing its stake.

FRANKFURT lost ground in thin volume as investors remained on the sidelines. Traders, who had rushed to buy after the Bundesbank's cut in the discount rate, took profits to adjust their positions. The DAX index fell 9.64 to 1,657.10, falling 1.3 per cent on the week. Turnover was DM6.2bn.

Gains made in Thursday's post-bourse trading on the interest rate cuts were eroded across the board. Siemens fell DM7.1 to DM628.4 on speculation of lower than expected earnings figures to be announced next week. Linde was dragged down DM10 to DM751 in spite of higher than expected earnings forecasts announced on Thursday.

MILAN rallied as speculators bought blue chip issues, encouraged by the Bank of Italy's move late on Thursday to cut the discount rate, and on hopes that the political outlook will become clearer over the weekend.

The Comit index rose 3.43 to 531.63, for a weekly rise of 3.5 per cent, as the market waited to learn who President Oscar Luigi Scalfaro would appoint as a new prime minister following Mr Guiliano Amato's resignation.

Fiat again led the advance, rising L100 to fix at a two year high of L6,860, before continuing up to L6,920 after hours.

ZURICH ended easier but above the day's lows as uncertainty about the the outcome of Sunday's Russian referendum weighed on the market. The SMI index shed 14.6 to 2,162.7, little changed on the week. Exporters were easier in response to the lower dollar and US economic data. Nestlé registered shares dipped SFr10 to SFr1,115 while Roche certificates shed SFr30 to SFr4,280.

AMSTERDAM fell back in tandem with the weaker dollar and the CBS Tendency index dipped 1.0 to 110.3, a fall of 0.5 per cent on the week.

STOCKHOLM eased as the central bank failed to cut its marginal lending rate during the trading session. The Affärsvärlden index fell 7.14 to 1,030.42, or 2 per cent on the week. After the close, the central bank eased its key lending rate by 25 basis points to 9.5 per cent. OSLO, however, ended higher as overnight lending rates were cut to 8 per cent from 8.25 per cent. The all-share index rose 2.16 to 398.53, up 1.2 per cent from the previous week.

HELSINKI finished the week on a firm tone on hopes of lower interest rates. The HEX index rose 17.7 to 1,118.6, advancing 5.4 per cent on the week.

SOUTH AFRICA

GOLD gathered pace in the afternoon as the price of bullion rose. The index added 98 to 1,318 while industrials shed 5 to 4,345 and the overall gained 45 to 3,610. Vaal Reefs rose R15 to R235 and De Beers 50 cents to r73.75.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

April 23 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1159.94	1158.73	1158.53	1156.25	1156.72	1155.51	1155.45	1158.50
FT-SE Eurotrack 200	1226.16	1225.53	1226.64	1223.84	1224.46	1223.01	1223.01	1223.66

	Apr 22	Apr 21	Apr 20	Apr 19	Apr 16
FT-SE Eurotrack 100	1184.35	1157.71	1158.12	1164.59	1159.61
FT-SE Eurotrack 200	1234.50	1224.52	1220.73	1221.99	1217.23

Base value 1000 (26/10/90) Highday: 100 - 1160.52; 200 - 1228.58 Lowday: 100 - 1154.16 200 - 1220.93

Bulls manage to jump hurdle at third attempt

Kevin Brown reports on the Australian market

There was no cheering, but there were plenty of sighs of relief among brokers on Friday night after the Australian All Ordinaries index found sufficient strength to end the week above 1,700.

It was a close run thing. In the end, the index closed 2.8 points down on the day, at 1702.6. But it could have been worse: no less than three bull runs in the last 18 months have failed at the 1,700 hurdle.

It is unclear whether the breaching of the barrier presages a sufficiently strong rally to take the index back to its peak of 2,300 achieved on the eve of the 1987 global stock markets crash.

Most observers think not; at least not yet. Nevertheless, the All Ordinaries is now 29 per cent above its end-1987 level, and 9.8 per cent above its close at the end of last year.

The improvement has been across the board. Eighteen of the 23 sectoral indices showed an improvement over the 12 months to the end of March, compared with just three in the year to December, and 10 in the end-February year.

Clearly, the recovery is broadening as it gathers pace. And there are plenty of other reasons to be cheerful about the future.

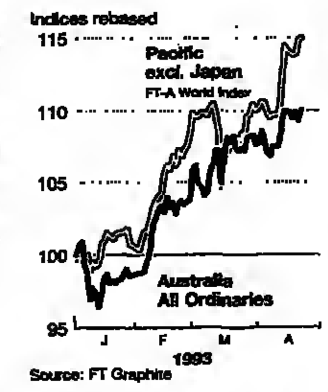
The market did not like the surprise re-election of Mr Paul Keating's Labor government on March 13 – the All Ordinaries dropped 35 to 1,626.4 on the first trading day after the poll. But the retreat was temporary, and there is little doubt that the election has eased the political uncertainty which was holding the market back.

Recovery from the 18 month recession in 1990/91 has been painfully slow, but the economy grew by 0.7 per cent in the December quarter, and by 2.5 per cent over the year. This is not fast enough to bring unemployment down much from the present 10.9 per cent, but it is faster than in than most other OECD countries.

The government has made clear that growth is its top priority over the next three years, and a further fiscal stimulus is possible in an attempt to reinforce the effects of earlier increases in public spending.

The scope for manoeuvre is limited by the government's need to rein in the budget deficit, but the target of 1 per cent of GDP by 1997/97 is sufficiently far away to allow a further stimulus in the August budget, provided a credible plan for future deficit reduction is announced.

The overall macro-economic background is generally favourable. The Australian



Source: FT Graphite

currency has also staged a recovery in recent weeks after weakening significantly last year. A further cut in official interest rates will depend on the outlook for inflation remaining favourable, but the Reserve Bank is unlikely to regard the currency as a constraint if it decides to move.

Significantly, four of the five sectoral indices which have fallen over the least 12 months are directly recession related – building materials, alcohol and tobacco, retail and transport. All could be expected to show solid gains if the pace of recovery increases. (The fifth sector, metals excluding gold, is unlikely to show much improvement until the leading economies show signs of stronger growth.)

Confidence is recovering rapidly. The latest survey of Australian Industry by *Dun & Bradstreet* showed that business confidence leapt to a four year high in March, and a report by the Australian Chamber of Manufactures indicated that more than 40 per cent of manufacturing companies expected to increase production in the June quarter.

It is also clear that the flood of poor results from leading Australian companies is ebbing, after two years in which black ink has sometimes seemed a rarity. Potter Warburg, the Melbourne stockbrokers, says that net corporate profits, excluding the resources sector, are likely to increase by 15 to 20 per cent this year, compared with a decline in 1992.

On the downside, brokers say that concern about the balance of payments and the budget deficit may re-emerge, and demand may be dampened by a slug of flotations and rights issues due over the next 12 months. These will include 75 per cent of Qantas, a further tranche of the Commonwealth Bank, the failed Adsteam group's Woolworths retailing chain, and at least one commercial television network.

Perhaps because of these concerns, institutional buyers remain cautious, and many analysts say there is insufficient steam in the present rally to take it much further. "Our view is that the market will consolidate for a couple of months and then soar to 1,750-1,800 before drifting lower over the course of the year," says Mr Nigel Purchase, market strategist at Potter Warburg.

Mr Josef Rudzyn, technical analyst at J.B. Were, takes the slightly more bullish view that the All Ordinaries index is heading for the next important test at 1,786, although he expects the market to take 3-5 quarters to get there.

Technical and fundamental analysts agree, however, that the market is likely to take some time to move within range of the elusive 1987 all time high. "The potential is there, but it will take at least three years," says Mr Rudzyn. "At this stage, even a bull would not put it much closer than that."

ASIA PACIFIC

Nikkei recovers as yen stabilises against $

Tokyo

RENEWED buying by arbitrageurs and pension fund managers lifted equity prices in light volume, as the yen's rate against the dollar stabilised, *writes Wayne Aponte in Tokyo.*

The Nikkei average ended 112.84 higher at 19,704.15 – for a 2.9 per cent decline on the week – after trading between an intraday low of 19,554.86 and a high of 19,785.06. The Topix index of all first section issues closed 9.66 higher at 1,532.69, while in London, the ISE/Nikkei 50 index rose 2.21 to 1,209.77.

Volume was estimated at 320m shares, compared with Thursday's final 382m. Declines led advances by 536 to 495, with 157 issues unchanged.

Foreign exchange considerations eased after comments by Mr Ron Brown, the US commerce secretary, that the yen's advance against the dollar this week was an exaggerated response to recent remarks made by Mr Bill Clinton, the US president, that a rising yen was one way to reduce Japan's trade imbalance.

Investors bought futures contracts as the yen's climb against the dollar slowed, triggering arbitrage-related buying, which carried over into the cash market.

Equity prices are now expected to trade within a tight range, while turnover on the first section of the Tokyo stock exchange is likely to remain light ahead of the Golden Week holiday at the end of next week. One analyst pegged the upside of the stock market at the 20,000 level, with support around 19,500.

Investors bought Nippon Telegraph and Telephone, which ended Y19,000 higher at Y912,000.

Elsewhere, the stability of the yen boosted the consumer electronic sector. TDK gained Y70 to Y3,830, Matsushita Electric Y20 to Y1,330 and Sony Y10 to Y4,700.

The financial sector also rose: Fuji Bank Y50 at 2,040, Mitsubishi Bank Y40 at 2,480 and the Bank of Tokyo Y30 at 1,290.

In Osaka, the OSE average declined 42.19 to end at 21,408.03 in volume of 18.4m shares.

Roundup

PACIFIC Rim markets were mixed yesterday with profit-taking much in evidence.

HONG KONG closed a volatile week marginally lower on profit-taking amid the Sino-British talks, due to end Sunday. The Hang Seng index fell 8.30 to 6,750.94, up a marginal 0.2 per cent on the week. Turnover fell to HK$4.1bn from HK$6.1bn.

China Gas lost 30 cents to HK$14.50 and HK Telecom shed 25 cents to HK$9.95. China Light was unchanged at HK$36.75 after reporting a rise in half-year net profit much in line with expectations.

BANGKOK rose on heavy trading as investors regained confidence after the Securities and Exchange Commission filed charges for alleged share price manipulation. The SET index closed up 2.25 at 901.26, rising 1.3 per cent on the week. Turnover was Bt7.2bn, the highest in two months.

KUALA LUMPUR gained ground on renewed interest in speculative stocks after a strong week. The composite index, which hit an all-time high of 701.32 during intra-day trading on Thursday, closed up 0.2 to 691.65, or 4.4 per cent on the week. Volume rose to 345.7m shares from 337.9m.

SEOUL lost ground as profit-taking emerged following the week's rally. The composite index eased 1.89 to 735.70, but posted a 4 per cent advance from the previous week.

TAIWAN was also easier as investors took profits on Thursday's gains, prompted by the passage of the copyright laws in parliament. The weighted index closed 62.44 lower at 4,569.25, rising 0.7 per cent on the week. Turnover was T$42.3bn.

NEW ZEALAND weakened on profit-taking after five successive rises with the NZSE-40 index falling 13.59 to 1,613.53.

BOMBAY's fall gathered pace with the BSE index 58.29 lower at 2,100.67.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 22 1993								WEDNESDAY APRIL 21 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	141.82	+0.5	135.83	99.51	118.45	132.15	+0.7	3.74	141.15	136.19	99.08	117.78	131.29	144.16	117.39	146.27
Austria (18)	142.74	+0.3	136.71	100.16	119.22	119.18	+0.4	1.79	142.28	137.29	99.88	118.73	118.66	150.96	131.16	157.89
Belgium (42)	151.91	-0.5	145.49	106.58	126.87	123.61	-0.5	4.57	152.73	147.37	107.20	127.44	124.48	156.76	131.19	137.69
Canada (110)	123.78	-0.3	118.55	86.85	103.38	113.07	+0.0	2.94	124.15	119.80	87.15	103.59	113.05	125.87	111.41	128.31
Denmark (33)	211.77	+0.0	202.83	148.59	176.88	177.28	+0.0	1.28	211.84	204.41	148.71	176.77	177.27	215.02	165.11	231.85
Finland (23)	87.64	+1.3	83.94	61.50	73.20	102.22	+1.1	1.22	86.49	83.46	60.72	72.18	101.08	87.99	65.50	77.21
France (98)	160.43	+0.4	153.65	112.56	133.98	136.40	+0.5	3.29	159.75	154.14	112.13	133.29	135.75	167.36	142.72	156.01
Germany (62)	114.84	+0.0	109.99	80.58	95.91	95.91	+0.1	2.22	114.89	110.86	80.66	95.86	95.86	117.10	101.59	119.37
Hong Kong (55)	269.81	-0.3	258.41	189.31	225.36	267.77	-0.3	3.45	270.71	261.21	190.03	225.90	268.64	270.95	218.82	219.83
Ireland (15)	163.45	-0.8	156.54	114.68	136.51	151.52	-0.8	3.50	164.72	158.94	115.63	137.44	152.79	170.40	129.28	160.24
Italy (73)	65.30	+2.2	62.55	45.82	54.54	74.47	+1.9	2.65	63.91	61.67	44.86	53.33	73.08	65.30	53.78	71.54
Japan (470)	136.86	-0.5	131.08	96.03	114.32	96.03	-0.5	0.87	137.50	132.67	96.52	114.75	96.52	141.84	100.75	96.87
Malaysia (69)	310.86	-0.3	297.73	218.11	259.63	307.87	-0.3	2.16	311.83	300.89	218.88	260.19	308.95	311.83	251.86	236.65
Mexico (18)	1613.74	-0.5	1545.56	1132.26	1347.83	5457.24	-0.5	1.24	1622.45	1565.52	1138.80	1353.83	5486.67	1725.81	1410.30	1726.17
Netherland (24)	171.31	+0.2	164.07	120.20	143.08	141.13	+0.3	2.92	170.95	164.95	120.00	142.65	140.66	172.75	150.39	153.30
New Zealand (13)	48.87	+1.7	46.62	34.15	40.65	47.78	+1.7	4.58	47.85	46.17	33.59	39.93	46.97	48.87	40.56	43.77
Norway (22)	154.69	-0.2	148.18	108.54	129.21	142.52	-0.3	1.85	154.98	149.54	108.79	129.32	142.99	158.26	137.71	170.19
Singapore (38)	235.55	+0.2	225.60	165.28	196.74	175.69	+0.1	1.91	235.10	226.85	165.03	196.17	175.51	238.21	207.04	203.17
South Africa (60)	172.13	-1.0	164.95	120.77	143.78	175.13	-0.2	2.86	173.94	167.84	122.10	145.14	175.45	178.48	144.72	227.31
Spain (45)	131.84	+1.0	126.07	92.38	109.94	116.48	+1.5	5.19	130.34	125.77	91.50	108.78	114.79	131.99	115.23	147.58
Sweden (36)	172.10	+1.0	164.82	120.75	143.74	188.91	+0.9	1.78	170.36	164.38	119.59	142.16	187.32	172.10	149.70	183.36
Switzerland (55)	120.36	+0.2	115.27	84.45	100.54	108.76	+0.1	2.00	120.08	115.86	84.29	100.21	108.66	121.49	108.91	96.79
United Kingdom (218)	180.34	+1.2	172.72	126.52	150.61	172.72	+0.5	3.99	178.19	171.94	125.07	148.88	171.64	180.34	162.00	165.17
USA (519)	179.46	-0.6	171.87	125.92	149.89	179.46	-0.9	2.83	181.16	174.80	127.17	151.17	181.15	186.27	175.38	187.57
Europe (764)	147.00	+0.7	140.79	108.14	122.78	133.82	+0.4	3.35	145.93	140.61	102.44	121.78	133.04	147.81	133.92	147.25
Nordic (114)	161.07	+0.7	154.26	113.01	134.53	154.95	+0.6	1.61	159.92	154.31	112.26	133.45	154.03	151.07	142.13	172.12
Pacific Basin (713)	141.04	-0.4	135.08	98.96	117.80	102.32	-0.4	1.15	141.61	136.64	99.40	118.16	102.78	145.00	105.89	102.80
Euro-Pacific (1477)	143.36	+0.1	137.30	100.58	119.73	115.33	-0.1	2.06	143.26	138.23	100.55	119.53	115.41	148.03	117.26	120.68
North America (629)	175.99	-0.9	168.55	123.50	147.02	174.95	-0.9	2.84	177.61	171.38	124.69	148.23	176.53	182.38	171.51	165.10
Europe Ex. UK (546)	126.51	+0.4	121.16	88.76	105.69	111.65	+0.4	2.90	126.00	121.58	88.46	105.16	111.18	128.23	112.51	124.55
Pacific Ex. Japan (243)	182.38	+0.1	174.67	127.98	152.34	165.82	+0.1	3.27	182.27	175.87	127.96	152.11	165.64	182.38	152.70	160.95
World Ex. US (1665)	143.88	+0.0	137.80	100.96	120.18	117.25	-0.1	2.10	143.83	138.78	100.97	120.02	117.34	148.39	118.51	123.16
World Ex. UK (1966)	152.40	-0.5	145.96	106.94	127.30	132.84	-0.5	2.21	153.16	147.80	107.53	127.83	133.51	156.77	134.22	132.68
World Ex. So. Af. (2124)	154.84	-0.3	148.30	108.66	129.34	136.07	-0.4	2.38	155.38	149.91	109.07	129.65	136.63	157.88	137.29	136.63
World Ex. Japan (1714)	166.09	-0.3	159.07	118.55	138.74	159.19	-0.4	3.03	166.57	160.73	118.94	139.02	159.78	168.09	157.47	159.84
The World Index (2184)	154.84	-0.3	148.30	108.65	129.34	136.44	-0.4	2.39	155.37	149.92	109.07	129.66	137.00	157.83	137.32	137.21

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or −	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		18½xd	−1¼	20⅞	15⅜	19,808	2.0
Allegheny & W	♥	601p	—	671p	398p	299.3	4.1
Amdahl		372p	−3	891p	372p	477.8	1.8
Amer Cyanamid		32½	−1	35⅝	31⅛	2,930	3.5
Amer Express		16xd	−⅜	19½	14⅞	8,604	3.9
Amer T & T		38⅝xd	−½	40⅞	33⅛	48,707	2.5
Ameritech		48	−1⅞	92¼	45	21,454	5.2
BankAmerica		31⅜xd	−⅛	38¼	28⅞	10,872	3.1
Bankers NY		45⅝xd	−3⅛	51⅞	42⅝	3,692	4.7
Bell Atlantic		33½	−1⅛	39⅝	32⅝	14,502	6.0
BellSouth		34⅛	−1⅞	39⅝	33½	16,919	5.8
Bethlehem Steel	♥	12⅛xd	−⅛	13⅞	10	1,097	–
Bowater		1436pxd	−32	1682p	1335p	821.4	1.9
CPC		28⅝xd	−⅜	34⅝	28⅜	4,842	3.3
Cadiz Land Inc	♥	61p	—	115p	53p	–	–
California Engy		1360p	—	1479p	1066p	253.6	–
Chase Manhattan		20⅛xd	−1⅝	24½	17⅞	3,239	4.0
Chrysler		24⅞xd	−⅞	28⅞	21⅛	7,302	1.7
Citicorp		16xd	−⅛	20⅞	13⅞	6,679	–
Colgate-Palm		38⅝xd	+⅞	45⅝	35⅛	6,187	2.2
Cont'l Bank		1580p	−34	1677p	1278p	1,565	2.7
Dana		31⅞xd	−⅛	34⅞	29⅜	1,443	3.5
Data General		593p	−31	881p	593p	163.6	–
Decora Inds	♥	125p	—	140p	109p	–	–
Dun & Brad		37⅛	−⅜	42⅛	37⅛	6,729	4.3
Eaton		56⅝	−1⅜	59⅝	50⅝	1,983	2.7
Echlin		15⅞xd	−⅛	18⅝	15⅛	913.4	3.0
FPL		24⅞xd	−⅞	27⅝	23⅛	4,371	7.1
Ford Motor		33⅞	−⅜	36⅛	28⅞	18,321	2.1
Gen Elect		58⅝xd	−1½	62⅞	53⅞	50,495	3.0
General Host	♥	577p	−5	723p	573p	–	4.3
Gillette		£1⅞xd	−⅛	42⅝	31⅝	7,004	1.6
Hasbro		20⅞	—	20⅞	20⅞	1,815	0.8
Honeywell		27⅞xd	+⅛	24⅛	20⅞	2,847	2.9
Houston Inds		29⅛	−⅝	33⅛	29⅛	3,853	6.8
Ingersoll-Rand		21⅛xd	+1⅞	23	19⅝	2,207	2.3
Lockheed		38⅝	−2½	42⅞	35⅛	2,370	3.8
Lowe's	h	1810p	−114	2330p	1573p	1,328	1.1
Merrill Lynch		45⅞xd	−2⅛	60⅜	37	4,714	1.8
Morgan (JP)		43⅞xd	−1½	48½	38⅝	8,377	3.8
Morris (Philip)		39⅛xd	−⅜	62⅝	30⅞	28,285	3.9
NYNEX		54½	−2⅛	64⅛	54⅛	11,238	5.0
Pall		12½xd	−⅛	15	11	1,447	1.0
Pennzoil		38⅛xd	−⅛	40⅛	31⅜	1,578	5.3
Quaker Oats		40⅝xd	−2½	49⅛	40⅞	2,929	3.3
Rockwell		20⅝xd	−1⅛	22⅞	18⅞	4,323	3.1
Rep NY		31⅛xd	−1⅛	37⅞	30⅛	1,829	2.4
Sears, Roebuck		34⅛xd	−⅛	37⅞	28⅞	11,998	3.2
Sthwestern Bell		49	−2⅛	52½	46⅛	14,862	4.1
Sun Co		15⅛xd	+⅛	21½	14⅛	1,834	0.1
Tenneco		28⅞xd	−½	33⅛	25½	4,339	3.7
Texaco		40⅞	+⅛	44⅛	37⅛	10,576	5.5
Time Warner	h	21⅛xd	−⅛	25⅞	18⅝	1,941	0.9
Unitab	♥	398p	—	460p	358p	101.2	–
US West		27	−1⅛	30⅛	24⅛	11,161	5.5
Varity		2103p	−55	2260p	1686p	695.9	–
Waste Manage		21⅛xd	−⅜	27⅞	19⅛	10,330	1.7
Whirlpool		3487pxd	−45	3720p	2824p	2,437	2.2
Woolworth	♥	19⅛	−⅝	21½	18⅞	2,524	4.0

CANADIANS

	Notes	Price £	+ or −	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbot Energy	♥	2p	—	2p	2p	–	–
Amer Barrick		1275p	+51	1278p	890½p	3,822	0.7
Bk Montreal	h	12½	−⅛	13⅛	11⅛	3,125	4.9
Bk Nova Scot		1231p	−27	1429p	1111p	2,938	4.9
BC Gas	♥	763p	—	847p	723p	–	4.3
BCE		22⅛	−⅛	28⅛	20⅝	6,776	6.5
Brascan	♥	528p	+2	721p	454p	435.4	11.2
Breakwater	♥	12p	—	16½p	10p	1.83	–
Can Imp Bk		1304p	−37	1618p	1228p	2,630	5.1

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

Europa Mnls	18	–	18	15	7.72	-	
Glencar Expl IE	7	–	8	5	1.29	-	
Greenwich Res	13	–	18½	5	19.8	–	
Hemlo Gold CS	£4⅝	–	£5	£3½	447.8	2.2	
Ivernia West IE	60	–	57	31	25.1	-	
Kenmare	13	+½	13½	6	12.5	-	
Mellnge Res	18½	+3	25½	14	2.04	-	
Navan Res IE	31	–	34	25	4.15	-	
5pc Ln Notes	25	–	34	25	5.08	–	
Oryx Gold	84	–	71	47	-	–	
‡‡Ovoca Res IE	3½	–	3½	3½	0.24	-	
RTZ	649	-1	709	628	6,516	4.8	
Vizcaya	5¾f	–	5¾	2¾	3.08	–	

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed: dealings permitted under Rule 535(2)
- ∦ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
k Assumed dividend yield after scrip issue.
r Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
7 Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xR ex capital distribution.

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FINANCIAL TIMES
Weekend April 24/April 25 1993

Yeltsin plans to give president power over all state institutions

By John Lloyd and Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin yesterday promised Russians a constitution in which presidential power would dominate every other state institution if he won their support in tomorrow's referendum on the country's future.

Speaking on television in his native Ekaterinburg, Mr Yeltsin claimed the four-question referendum was a pivotal test for Russia. "Will reforms in Russia continue, will we finally achieve results that every family and every region can feel? Or . . . will Russia turn backwards, without realising that the *turning* point *was* so close at hand?" he asked.

A poll published by Izvestia yesterday showed that Mr Yeltsin enjoys the support of 57 per cent of those who would vote on the first question – do you trust the president? However, voters are equally divided over the second question, on support for Mr Yeltsin's *economic programme*.

The other questions ask if voters want early elections for the presidency and for parliament.

Russians reject vote-rigging claim; Second city sinks into apathy; Shortfall in G7 aid .... Page 2

Mr Yeltsin hinted that he would push the new constitution through rapidly against all opposition. The proposal, full of guarantees of human rights, would give people the right to possess and dispose of property. This right was mooted in the days of former Soviet president Mikhail Gorbachev. But property ownership remains in a twilight world between legality and illegality.

The president would have the right to nominate the prime minister, the heads of the armed forces, the head of the constitutional court and other top judges, the central bank chairman and anyone else in a position of power in Russia. Parliament would have the right to approve or veto his choice, but he could override its objections by dissolving it and calling fresh elections.

This parliament, a holdover from Soviet days divided into *Supreme Soviet and Congress* of Peoples Deputies, would be replaced by a bi-cameral assembly with rights confined to debating legislation (introduced by the president) and supervision.

In an introduction to excerpts from the draft constitution printed in Izvestia, Mr Yeltsin said that "a vote on confidence in the president is not about an abstract bright future, but about concrete legal guarantees of civil rights and human values."

His initiative came as General Pavel Grachev, the Defence Minister, rejected the charge of corruption brought against him on Thursday night by the procurator-general as "a political act . . . aimed at discrediting government structures".

Gen Grachev is the most senior of ministers and presidential aides against whom corruption has been alleged. The allegations emanate principally from Gen *Alexander Rutskoi*, the vice *president*.

Mr Ruslan Khasbulatov, the parliamentary speaker met some of the nationalist-inclined intelligentsia yesterday. He told them Mr Yeltsin had to win the support of over half those eligible to vote before he could claim the right to introduce a new constitution or continue his reforms.

Pearson to acquire Thames Television in £99m deal

By Raymond Snoddy

PEARSON, the publishing, banking and industrial group, yesterday agreed to buy Thames Television in a deal worth a total of £99m.

Pearson's decision to buy the 59 per cent stake owned by Thorn EMI, the entertainment group, triggers a full bid for Thames, which formerly held the London weekday ITV franchise and is now the UK's largest independent producer.

The deal is part of a wide-ranging move into the television market by Pearson. It already owns stakes in British Sky Broadcasting, the satellite television venture, and Yorkshire-Tyne Tees, an ITV company. Lord Blakenham, chairman of Pearson, which also owns the Financial Times, said yesterday: "Our strategy is to increase our involvement in the visual media."

The acquisition of Thames will be Pearson's first wholly-owned television production and distribution enterprise. Pearson clearly intends the deal to be the first step in the creation of an international television business.

Thames will become the heart of a new division which will also include Pearson's interests in BSkyB and Yorkshire. Mr Richard Dunn will remain chief executive.

Thames lost its franchise to Carlton in January, but sales of programmes such as The Bill, Wish You Were Here and This Is Your Life to ITV will bring in more than £40m this year.

Although no contracts have been agreed beyond that, senior Thames executives believe it is likely that further contracts will be agreed for the programmes, which are in the ITV Top 20.

Pearson will also be buying an international programme distribution business, Teddington studios in London, a 9.7 per cent stake in the Astra satellite system which has recently been revalued to £20m, a 15 per cent stake in UK Gold, the satellite channel based on programme libraries, and a library with more than 10,000 hours of useable programmes.

At the end of 1992, Thames had net assets of £11.8m and a net cash balance of £13.6m after finance leases.

Mr Frank Barlow, Pearson managing director, described the Thames deal as "just an extension of our existing business", which was heavily based on intellectual property rights.

Mr Barlow said he saw Thames as a base from which to expand into international broadcasting – including the possibility of taking stakes in broadcasters in other countries.

As the owner of a UK national newspaper, Pearson is limited to a single 20 per cent stake in an ITV company. But it will keep its stake in Yorkshire-Tyne Tees below 15 per cent to continue to qualify as an independent producer under UK rules.

There is likely to be an expansion in business, educational and childrens' programmes drawing on the strengths of the FT, and Pearson publishing interests, which include Longman and Penguin.

Pearson's cash offer of 200p a share represents a premium of about 14 per cent on Thames' closing price on Thursday. They added 20p yesterday to close at 195p. Pearson shares rose by 10p to 429p.

Virgin and BA renew efforts to end dispute

By Daniel Green

BRITISH AIRWAYS and Virgin Atlantic Airways have restarted talks aimed at settling the "dirty tricks" dispute.

Lawyers from the two companies met last week at BA's instigation, Virgin said yesterday. *They revised the draft agreement* over which the two companies had failed to agree in March.

The amended version of the *agreement is understood to have* been sent to BA, which last night would not comment.

Virgin does not plan to postpone the start of court proceedings against BA over compensation for damage done to its business by the "dirty tricks" campaign.

The first of the writs could be issued as soon as the start of May, although the fresh initiative raises the possibility that the two sides might conclude their long-running row without the need for further legal action.

The "dirty tricks" campaign was designed to undermine Virgin's business. It led to BA apologising in the High Court in January for its behaviour and paying £610,000 in libel damages. The two companies then began discussing compensation for the commercial damage done to Virgin.

The draft agreement would have seen BA pay £9m compensation to Virgin. The talks foundered on a clause limiting discussion of the case: Virgin said it would be "gagged" but BA said that it had asked for events not to be "raked over".

Virgin abandoned the talks on March 19 threatening to produce new evidence against BA in the courts.

Britain oversaw EBRD spending

Continued from Page 1

probably be examined by the auditor general, *Sir John Bourn*.

It also emerged yesterday that the architects working on the project, Berthet & Pochy of France, were appointed on the insistence of the bank and without following the public tendering procedures which usually apply to public sector projects, according to a UK government official.

The bank's president, Mr Jacques Attali, wrote the preface to a book written three years ago about Berthet & Pochy's work. Mrs Marion Pochy, the wife of *one Berthet & Pochy's founders*, painted a mural at the bank's headquarters in collaboration with two east European artists. They are understood to have been paid less than £30,000.

Meanwhile, the bank's directors, which represent the countries which own the bank, have asked for details of a spacious EBRD office in Paris, which is used principally by Mr Attali.

Many directors did not know of the existence of the office, which is situated in a renovated 19th century palace in the Boulevard *Madeleine*, until last week.

The EBRD said yesterday that the rent on the Paris office was paid by the French government and referred calls to Jean-Claude Trichet, the director of the French Treasury.

However, his office said the finance ministry had paid the rent up to May last year and had no idea who had been paying the rent since then.

Sales signal end to recession

Continued from Page 1

that struggle." His optimistic assessment followed a decision to move on to the offensive against Tory opponents of the Maastricht treaty. Last night he repeated his determination to keep Britain at the centre of the debate on the shape of the European Community in the 1990s.

The prime minister's message on the economy was echoed by Mr Norman Lamont. Campaigning in the Newbury by-election, the chancellor declared: "Britain *is on the up . . . The recovery is* here in manufacturing, in retail sales, in exports and in confidence as well."

The 4.1 per cent increase in retail sales in the year to March was the sharpest year-on-year increase for four years. Compared with February, the volume of sales rose a seasonally adjusted 0.5 per cent in March, the third consecutive monthly rise.

The latest trade figures showed that improving exports cut the UK's trade deficit with countries outside the EC to £918m in March from £1.25bn in *February*.

Lonrho set to sell Observer

Continued from Page 1

loss-making newspaper. Mr Rowland, who *has effectively run* Lonrho for the past 31 years, has always blocked any possible sale of The Observer and may try to do so again.

Lonrho bought The Observer in 1981. It is believed that Mr Rowland last November vetoed a possible sale to The Guardian, which has long expressed an interest in adding a national Sunday to its business. Mr Rowland has in the past told friends that he would find any deal that would involve the closure of The Observer "profoundly distasteful".

The newspaper's losses are *now running at an annual rate of* about £8m compared with last year's deficit of £14.9m. But Mr Bock, after taking his seat on Lonrho's board in Feburary, set up an internal team to work on the sale of the paper.

If the sale goes through, it would suggest that Mr Rowland no longer exercises unfettered power on the Lonrho board.

The Observer is printed by the Financial Times, under a contract which runs to January 1995.

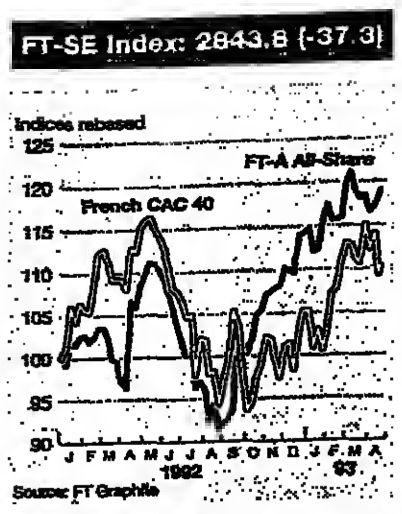
THE LEX COLUMN

Yielding to pressure

A marked fall in the FT-SE 100 index while the FT-SE mid-250 remains unmoved should be treated with some caution. Market games are not beyond the manipulation of FT-SE 100 futures prices with a consequent overspill into blue chip stocks. At the end of a week, when the long-awaited recovery was confirmed, a little disappointment is understandable.

Still, there are reasons to fear that UK equities have run out of steam. Large cash calls such as Zeneca and BT III are on the horizon. Base rates seem to have stopped falling, with the government happy to wait and watch sterling rise against continental currencies. That removes some momentum from the switch from cash into equities. Gilts may also fall back as the optimism over lower interest rates fades and the market has to trudge through the interminable supply of government debt. While not that expensive, equities are no longer cheap against gilts – and any rise in gilt yields may put pressure on the stock market.

Perhaps the most worrying aspect is the fall in equity yields below 4 per cent. The last three occasions when this happened were 1987, 1973/4 and 1968/9. Those inclined to be generous may argue that a more benign inflation outlook permits lower yields than in the past. More nervous souls may regard the lull in inflation as a normal pause after devaluation. In 12 months' time, retail price inflation might not look so subdued. Low dividend cover and the limited capacity for growth in payments also cast a shadow over low yields. If inflation turns up, neither gilt nor equity returns will look that generous.



Bowater

Yesterday's US acquisition by Bowater was enough to maintain its forward momentum. The 2 per cent rise in the shares against a falling market is another footnote in a four-year record of outperformance. But Bowater's balance sheet is showing the strain. Yesterday's deal adds 6 percentage points to gearing, due in part to the write-off of $75m goodwill. Interest cover is strong, but Bowater's self-imposed gearing limit of 75 per cent leaves it room for perhaps one more big deal before shareholders are again asked to chip in.

If earnings per share growth can be maintained, another rights issue next year might not interrupt the upward march of the shares. But the new UK accounting regime will not help the earnings record. If the Accounting Standards Board gets its way, the cost of rationalising acquired companies will be charged against profits rather than buried in the balance sheet. Bowater has not been aggressive in this respect, but rationalisation provisions for last year's £450m purchase of DRG and Cope Allman still amounted to £42m.

Tougher conditions in US healthcare may also be a worry. If buyers are serious about cost containment, hospital suppliers of the kind acquired will suffer. Bowater's pharmaceutical packaging plant in Puerto Rico might also face disruption if President Clinton revokes tax breaks for drugs companies manufacturing there. With the business growing strongly, such pressures would not send Bowater into reverse. But a price/earnings multiple well above the market average leaves it exposed to any mishaps.

French equities

The 3.5 per cent fall in French equities this week – despite two interest rate cuts – was more *than a display* of Gallic indifference. The last day of the trading account contributed to yesterday's slide, so the new account may begin on a firmer *note* on Monday. But the downbeat tone this month suggests wider disillusionment. International funds in particular bought French equities earlier this year, expecting at least modest economic growth. Despite the easing of interest rates, that now looks optimistic.

An outflow of foreign money would not matter if some of the FFr1,100bn savings invested in money market funds at home shifted into shares. A similar flow of retail money supported Wall Street through periods of economic doubt. But with real interest rates in France still over 6 per cent, the avalanche of retail cash looks some way off, especially since the Bundesbank's cut this week confirmed the slow pace of German rate reductions. The market may be entering an *uncomfortable* period of poor company results, worsening growth prospects and no obvious constituency of buyers.

The government's enthusiasm for reducing the budget deficit is a wild card. Although flotations of state-owned companies could be a drag on the equity market, privatisation might also include tax incentives for equity investors. If the government is serious about fiscal discipline, though, Mr Balladur's threat of higher taxes this week must also be taken seriously. With economic confidence so fragile, such measures will do equities no good at all.

Asda

Asda's closure of Lofthouse Foods will come as a devastating blow to its employees but will only confirm the management's reputation for hard-headed pragmatism. The bacon and sausage meat company lost £2.5m in the first half of the year. Conditions have not improved since. Lofthouse's markets are in long term decline because of consumers' diminishing appetite for red meat. *There is significant* overcapacity and Lofthouse could never hope to be as efficient manufacturers as Hillsdown Holdings.

Since Asda will not adopt the FRS3 accounting standard for this year's results, the closure costs will be taken below the line. They will be more than offset by the gains from the *disposal* of Asda's MFI stake. The bigger strategic question, though, concerns the future of the company's loss-making Allied Maples *carpet subsidiary. Allied* Maples has been heavily rationalised but is still struggling against fierce competition. Asda must hope that a pick-up in market demand will permit a recovery and subsequent sale.

This would leave Asda free to concentrate on maintaining the momentum of its core food operations. Despite recent progress, it still has a huge amount to do to ensure its long term viability. Budgens' link-up with the giant German Rewe group suggests that even the industry's smaller fry are shaping up for the fight.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Aachen Mch Reg	850	+	20
Leifheit	468	+	16
Philips Kommun	570	+	10
VEW	243.5	+	4.5
Varein-West	335	+	7
Falls			
Degussa	323	-	7.2
New York ($)			
Rises			
Amer Express	29	+	⅜
Falls			
BankAmerica	47½	-	1
Chemical Bank	38¼	-	⅜
Goodyear Tire	73¾	-	1¼
Intl Paper	65⅞	-	1⅛
Microsoft	81¾	-	1½
New York prices at 12.30pm			
Paris (FFr)			
Rises			
Eridania B-S Cl	581	+	17
Peugeot	564	+	22
Roussel-Uclaf	554	+	28
Falls			
Cap Gemini S	187	-	8.9
Casino	139.8	-	8.2
Moulinex	86.5	-	6.2
Tokyo (Yen)			
Rises			
Chiesan-Tokan	479	+	51
Nissin Electric	1170	+	100
Settsu	485	+	36
Seven-Eleven	7090	+	230
Falls			
Mitsumi Electric	1490	-	100
Tokyo Steel	2440	-	160
London (Pence)			
Rises			
Alexon	103	+	14
Barcom	85	+	7
Burn Stewart	124	+	6
CALA	72	+	7
Christie Group	50	+	7
Countryside Prop	136	+	6
Densitron Intl	41	+	12
Feedback	48	+	8
Filofax	101	+	8
Gardner (DC)	43	+	6
Property Sec Inv	120½	+	11½
Prowting	104	+	11
Radamec	58	+	5
Ransom (Wm)	60	+	8
Reed Executive	74	+	11
Serco	988	+	38
Sheldon Jones	60	+	7
Thames TV	195	+	20
Falls			
Air London Intl	74	-	18
BP	298½	-	10½
Campari Intl	188	-	15
Glaxo	575	-	27
Proudfoot (A)	107	-	8
Rothmans B	815	-	21

World Weather

UK Today: The eastern half of England and Scotland will be mostly cloudy with outbreaks of rain, moderate in places. Sunny intervals and showers over western England and Wales after early fog, and over western Scotland and the central Highlands.

		°C	°F
Ajaccio	S	18	64
Algiers	S	23	73
Amsterdam	S	17	63
Athens	S	20	68
Bahrain	S	27	81
Barcelona	C	16	61
Beijing	F	17	63
Belfast	C	10	50
Belgrade	S	23	73
Berlin	S	18	64
Bermuda	F	21	70
Birmingham	R	11	52
Blackpool	F	13	55
Bombay	S	31	88
Bordeaux	F	22	72
Boulogne	F	18	61
Bristol	R	11	52
Brussels	F	17	63
Budapest	S	24	75
Buenos Aires		-	-
Cairo	S	27	81
Cape Town	S	20	68
Cardiff	C	11	52
Chicago †	S	7	45
Cologne	S	19	66
Copenhagen	S	13	55
Corfu	S	21	70
Dallas †	F	13	55
Dublin	R	13	55
Dubrovnik	S	20	68
Edinburgh	R	8	46
Faro	C	15	59
Florence	S	22	72
Frankfurt	S	19	66
Geneva	S	18	64
Gibraltar	F	19	66
Glasgow	R	10	50
Guernsey	R	10	50
Helsinki	S	14	57
Hong Kong	C	27	81
Innsbruck	S	20	68
Inverness	R	9	48
Isle of Man	S	11	52
Istanbul	S	15	59
Jersey	R	12	54
Johannesburg	S	23	73
Las Palmas	C	20	68
Leeds	C	17	63
Lisbon	F	14	57
Locarno	S	17	63
London	R	12	54
Los Angeles †	S	13	55
Luxembourg	F	17	63
Madeira	C	16	61
Madrid	F	18	64
Majorca	F	20	68
Malaga	F	19	66
Malta	S	20	68
Manchester	R	14	57
Melbourne	S	28	82
Mexico City		-	-
Miami †	S	16	61
Milan	S	22	72
Montreal †	R	3	37
Moscow	S	13	55
Munich	S	20	68
Nairobi	F	26	79
Naples	S	19	66
Nassau		-	-
Newcastle	F	15	59
New Delhi		-	-
New York †	F	7	45
Nice	F	17	63
Nicosia	S	22	72
Oporto	F	12	54
Oslo	R	9	48
Paris	S	19	66
Perth	C	21	70
Prague	S	21	70
Reykjavik	Sl	1	34
Rhodes	S	19	66
Rio de Janeiro		-	-
Rome	S	17	63
Salzburg	S	20	68
S'Francisco †	F	12	54
Seoul	S	21	70
Singapore	F	26	79
Stockholm	F	16	61
Strasbourg	F	21	70
Sydney	S	14	57
Tangier	C	17	63
Tel Aviv	S	26	79
Tenerife	C	15	59
Tokyo	S	23	73
Toronto †	F	7	45
Tunis	S	21	70
Valencia	S	19	66
Vancouver †	C	9	48
Venice	S	18	64
Vienna	S	22	72
Warsaw	S	23	73
Washington †	S	9	48
Wellington	C	12	54
Zurich	S	19	66

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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Weekend FT

SECTION II

Weekend April 24/April 25 1993

The rebels who were silenced by the syringe

Faces of despair: inside the geriatric ward of a Moscow psychiatric hospital where the days blur together. Many patients have forgotten what it is like to breathe fresh air or feel the warmth of the sun on their skin

Under Soviet rule, psychiatry was transformed into an instrument of repression. The rules are changing, but **Lori Cydilo** *finds that hospitals remain grim, backward and deeply feared*

ARKADY Stepanchuk *will* never forget the cold November morning in 1961 when he was arrested by the KGB. He was just 16. His crime? Going to the French embassy to seek information about relatives who had fled to France during the second world war.

KGB agents then searched the one-room apartment where he lived with his parents and discovered a diary in which he had written: "Why do we need the cult of Lenin if we have Jesus Christ?" He was charged with "anti-Soviet agitation and propaganda" and confined to a ward reserved for dangerous patients in a Moscow psychiatric hospital.

There, he was diagnosed as schizophrenic and placed on the psychiatric register. This – one of many methods used by the state to keep track of its citizens' mental health – recorded all patients who received psychiatric treatment and often was used to deny people jobs, flats, a university education and the right to travel. "It stripped me of practically all my rights at the age of 16," Stepanchuk says. "I became a prisoner of this diagnosis."

Tying a patient to his bed

In 1966, he requested another evaluation, thinking he would be found healthy and could resume a normal life. Instead – "just to be on the safe side," as Stepanchuk recalls, bitterly – the commission ruled he was psychopathic. "They said: 'Who can guarantee that you won't go to the embassy again'?" Frustrated and angry, he had no way of knowing that he would spend the next 27 years in and out of psychiatric hospitals.

Stepanchuk was released for the last time in 1988. A frail, withered man who looks older than his 46 years, he says no one, including the psychiatrists who treated him, ever questioned his sanity.

"It was all deliberate," he says. "They never believed that I was mentally ill. They told me that I was being held to keep me from resuming my activities."

Under the communists, hundreds, perhaps thousands, of political dissidents were forced to have "treatment" in psychiatric hospitals as a way to silence them. They were not the only ones. Many whose cases were never publicised suffered the same fate.

Yuri Nuller, a psychiatrist at the Bekhtereva Psychoneurological Institute in St Petersburg, explains: "If someone was in someone else's way, if he argued with his boss, for example, his boss would say, 'Well, he is obviously schizophrenic' and order him to undergo a psychiatric evaluation." This, invariably, proved he was mentally ill and in need of compulsory treatment.

In spite of such abuses, leading reformers in Russia and Ukraine insist that the system is to blame, not individual psychiatrists. Under Soviet rule, psychiatry underwent a Kafka-esque metamorphosis in which it was transformed from a branch of medicine into a covert method of social control.

"It was a brutal, primitive system," says Stepanchuk, who was injected forcibly with various drugs including sulfazine, a powerful agent used widely on dissidents that causes fever, temporary paralysis and excruciating pain. "They didn't beat you. They used syringes instead."

Semyon Gluzman is an internationally-renowned psychiatrist and dissident who spent seven years in labour camps and three in exile for protesting at the misuses of his profession. Now living again in his native Kiev, he says: "It is okay to sit here with you now and talk about these things but, back then, I went to prison and ruined my life. It was a cruel system. A person who wanted to work honestly had to pay for it by going to prison."

Reformers say the psychiatrists, seemingly the masters of the game, were all too aware that the rules could change, and the tables turn, at any moment. Stepanchuk bears his tormentors no ill-will because, as he puts it: "If they hadn't done what they did to me, the same would have been done to them."

Laws intended to protect patients against these kinds of abuses have been passed in Russia already and similar legislation is being debated in Ukraine. The Russian law, based on US statutes, is the first ever to grant legal rights to the mentally ill and gives them the right to "due process" of law before a decision is made on whether they should be sent to a psychiatric hospital for compulsory treatment.

It also places responsibility for this commitment with the courts, where reformers say it belongs, rather than leaving the decision solely to psychiatrists. It limits a patient's hospital stay to eight days while the case is being decided, and allows him legal recourse if he disagrees with the court's decision.

Previously, it was not possible to appeal against a psychiatrist's ruling..

The old system mirrored 19th century America when the criterion there for involuntary commitment was a vague "need for treatment" as decided by one or two doctors, and there was no limit to the time a patient might spend in a psychiatric hospital. Statistics show that, until recently, patients committed involuntary to psychiatric hospitals across the former Soviet Union stayed for long periods. According to Aleksandr Karpov, the former chief psychiatrist of the Soviet Union, the average stay in 1973 ranged from 56 days in Sverdlosk Oblast to 248 days in the Udmurt Autonomous Republic in east-central European Russia.

Although the new law is an important step toward broadening the civil rights of the mentally ill, changing the bleak reality of their daily lives will require more than just legislation. Many psychiatric hospitals, particularly those built before the revolution, come straight from the pages of Gothic novels. Dark and cavernous, with double steel doors and thick iron bars on the windows, they look like prisons.

In the geriatric ward of Moscow's Psychiatric Hospital No. 14, the stale air and the smell of urine create a stench that is overpowering. Several of the patients, mostly men in their 60s, look emaciated and seem to drift in and out of consciousness.

A number lie amid their own excrement, their eyes vacant. One frail, wasted man with skin the colour of plaster moans, through hollow cheeks: "Mama, mama."

When asked how long they have been there, many say they do not know; the days are so similar that they have blurred together. Many have forgotten what it is like to breathe fresh air, or to take a walk and feel the warmth of the sun on their skin, for they are not allowed to go outside.

I saw a psychiatrist intercept e patient and his mother about to slip outside, stopping them just as they were about to open the door. "Where do you think you are going?" she bellowed. "You're not going anywhere. You're not allowed to take a walk." The man looked down at the floor, removed his jacket silently and walked slowly back to the room he shares with 16 other men. Asked why he was not permitted to talk a walk, the psychiatrist replied: "He might run away."

In another ward, an orderly told a patient to sit down. When he did not comply immediately, the orderly – a sturdy, buxom woman – yelled at him and shoved him into a chair.

In the insulin therapy ward of Moscow's Clinical Psychiatric Hospital No. 4, which was built in 1905, there are 11 patients, all young men in their early 20s. Their hands and feet are tied to their narrow metal beds with strips of cloth. Insulin therapy is a brutal, painful treatment method which has gone the way of the lobotomy in western countries but continues to be seen in Russia as a miracle cure for schizophrenia.

■ Continued on page VIII

CONTENTS

The Long View / **Barry Riley**

Gilt buyers beware

NEWS item one: British government borrowing reached an astonishing record for a single month of £9.5bn in March. News item two: the Bank of England has begun actively promoting government securities to private investors – for instance, by distributing 360,000 copies of a small investors' guide to gilts, and by placing special application forms in the newspapers to encourage private buyers' subscriptions to its monthly auctions of new gilts. The latest of these comes next Wednesday, a £3bn offer of five-year bonds.

We are not yet being asked to tell Sid, but it might come to that. Plainly, the Bank of England has done its sums and decided that it must market government debt more energetically to the personal sector. It has over £40bn of gilts to sell this financial year; and although the life assurance companies might invest £15bn, the pension funds, which have hardly any cash inflows at present, will not be significant buyers.

That leaves foreigners (who are, in most cases, unpredictable speculators), and the banks, which will not buy on any serious scale until money market rates are cut to 5 per cent or less – an event which, effectively, depends on further rate reductions by the Bundesbank. This is because the government fears that any weakness in sterling will ruin its chances of holding inflation below its self-imposed 4 per cent ceiling, so it will cut short-term interest rates *decisively* only if the continentals have moved first.

The Bank of England's easy option in the short term is, therefore, to go after private investors – at least, until the *building societies* start kicking up a bigger rumpus over unfair competition. Although, late in the 1980s, the personal sector was unloading gilts at the rate of around £2bn a year (at a time when the government was buying back its bonds for cancellation), last year it bought £3bn worth on top of £5bn invested in National Savings.

According to the Bank, as many as 60,000 eager savers have requested the new gilts booklet personally. "Gilts," they will read therein, *"is short for gilt-edged securities. The stock market has given this name to British Government securities because of their reputation as one of the safest of investments. The British Government, over hundreds of years, has never failed to meet the interest and capital payments as they fall due."*

Dodgy grammar apart, smart savers also will be uncomfortably aware that the Bank is being a little economical with the *actualité*. None of the following episodes constituted legal default, but they left investors badly bruised. In the 1888 conversion of the national debt, for example, holders of 3 per cent Consols were faced with the choice of a half-point cut in the coupon or repayment at par, which was a long way below the former market value.

After the second world war, inflation was the hazard, so that an investor foolish enough to buy the notorious undated Daltons (Hugh Dalton was the Labour chancellor who forced long-term interest rates down to 2.5 per cent in 1946) would have lost 96 per cent of his purchasing power over the next 30 years. Finally, high income taxes and investment income surcharges have been used to penalise investors, climaxing in the 27s 3d in the pound tax rate on wealthy people's investment incomes imposed by Roy Jenkins in 1968.

But the motto of the successful investment salesman is – *sometimes* give a sucker an even break. In 1992, the gross rate of return on long-dated gilts (adding capital appreciation to income) was 17 per cent, and it had been very similar in 1991. It certainly beats the Halifax. Moreover, every now and then, gilts have a truly wonderful year as the market realises that real *interest rates are much too high.* The last was in 1982 as yields tumbled from 15.6 to 10.9 per cent, giving rise to a total return of 54 per cent for the year.

Gilt-edged bulls enthuse now at the prospect of another such bonanza as long yields collapse from 8.4 to, perhaps, 6 per cent. *If* that were to happen quickly, it could generate a one-year return of around 40 per cent.

Remember, though, that the 1982 gilt-edged miracle followed Sir Geoffrey Howe's vicious 1981 Budget in which he confronted the borrowing problem grimly: the PSBR fell from £12.7bn in 1980-81 to £8.6bn in 1981-82. Moreover, unemployment was continuing to rise steadily in 1982, from 2.63m to 2.95m – always a comforting trend for bond holders. In contrast, we must now contend with the flabby policies of Norman Lamont, with the PSBR forecast to jump from £36.5bn to £50bn. Unemployment, surprisingly, has begun to *fall*.

The bygone era of personal investment, in which Consols formed the *bedrock of every middle-class portfolio,* will not return quickly. The soundness of gilts rested fundamentally not so much upon the creditworthiness of the government as on the underlying link of the currency to gold. After that safeguard went in the 1930s, and especially since sterling floated freely from the beginning of the 1970s, gilts became much more risky. The modern equivalents of Consols are index-linked gilts, which are safe but rather boring. Fixed interest gilts, on the other hand, have become casino securities, moving increasingly under the influence of the global bond fund managers who trade billions in a shadowy and rootless market in which government securities of different countries are given nicknames like oats, bunds, and JGBs.

Coupon-clipping British small investors must appear much more attractive to the Bank of England than the global bond men, who will sell gilts short without mercy at the least sign of trouble. But when you overspend at the rate of £9.5bn a month, the loyal private punters are a side-show. You must solicit the international moneylenders *and await your fate. At least they will* not need a booklet.

Private investors urged to buy gilts, Page IV

The Week Ahead

Sid continues to do as he was told

By Maggie Urry

HI THERE, Sid. Woken up?

Retail demand for new issues is on the rise again, after last summer's collapse. This week the public element of bus operator Stagecoach's float was nearly eight times subscribed, and other recent issues did well.

It has got to the point where one tabloid newspaper this week advised readers to apply for a particular flotation, saying the shares would rise sharply after the issue. Not an unreasonable tip – except that the particular issue has yet to be priced. As the banker involved said, he is hurt to be accused of mispricing an issue even before he has.

Flotations abound as companies are rushing to market before the Government's £5bn sale of its British Telecom stake in the summer, in which Sid will also be expected to do his stuff. And on Wednesday Imperial Chemical Industries gave further details of the demerger of Zeneca, its bioscience business, which involves raising £1.3bn.

Add those to all the rights issues that have been coming – the total for the year to date already exceeds that for the whole of 1992 – and what do you get? An awful lot of equity coming on the market.

And it is widely forecast that the government will want to raise £50bn in gilt-edged stock in the current financial year. Last year's public sector borrowing requirement was revealed on Tuesday to have been a record £36.5bn.

So what is wanted is some new source of demand. Now, the bulls of the stock market have been counting on overseas buyers to plug the gap. And there has certainly been some interest from them.

But I am indebted to the most irrepressibly bullish of them all, Nick Knight, and his colleague Chris Dillow, at Nomura Research Institute, for identifying another source of demand. Not Sid so much as his high-net-worth-individual cousin. Let us call him Gerald.

Between 1963 and the middle of 1991 there were only three quarters when individuals were net buyers of equities. (Which three? answers at the foot of this column.) But in the last six recorded quarters, they have been net buyers for no fewer than five. And in 1992, *individuals like Gerald bought* more UK shares than non-bank institutions did – for the first time in more than 30 years.

Further evidence of Gerald's investment comes from the building societies. They have been complaining of a shortage of funds – and threatening a rise in mortgage rates. Their problem is not so much a lack of retail funds, but more a shortage of wholesale money.

But included in wholesale money is deposits of more than £50,000 by individuals. In other words, Gerald as well as Sid has been taking his money out and putting it into shares.

There is an obvious reason why. The yield he can get from equities, of around 4 per cent, is not far short of what the building *society is paying*. Indeed if he picks his shares he can get a higher income from equities and hope for a capital gain too.

As the first chart shows, the real gap between the yield on the All-Share index and money market interest rates is the lowest (least negative) it has been for donkey's years. And for good measure, the second chart shows the yield on the Footsie index falling below 4 per cent this week.

For the first four days of the week the market was rising. A stream of good news meant that by Friday morning all the headlines were saying that the recession was over and recovery had started.

The news included a second monthly fall in unemployment – quite a surprise given that new jobs are supposed to lag recovery.

There are two explanations for this. Either it is a happy freak, and a happy coincidence for the Conservatives facing the Newbury by-election and the local government elections. The other – rather off-the-wall but distinctly cheerful idea – is that it is indeed a lagging indicator and shows that recovery began sometime last autumn.

At any rate next Monday's output figures should mark the official end of the recession.

Some of the other good news was: March car production in the UK was the highest for 19 years; there were cuts in interest rates in Germany and France; cheery surveys came from the CBI and the British Chambers of Commerce; chirpy retail sales figures were published on Friday.

But by Friday this was all too much for a market happier to travel hopefully than arrive. And the week ended with the Footsie at 2843.8, up 19.4 points over the week but down from Thursday's close of 2881.1.

That leaves the Footsie roughly where it was when the year started, and since then forecasts of recovery and of interest rate falls are on balance more optimistic. What has perhaps been lacking this week has been more optimism from companies.

On the plus side was Abbey National's annual meeting, where the chairman said mortgage enquiries were up and arrears down, and first quarter results from SmithKline Beecham, up 12 per cent pre-tax, and Zeneca, profits "usefully" ahead in the first quarter, whatever that means.

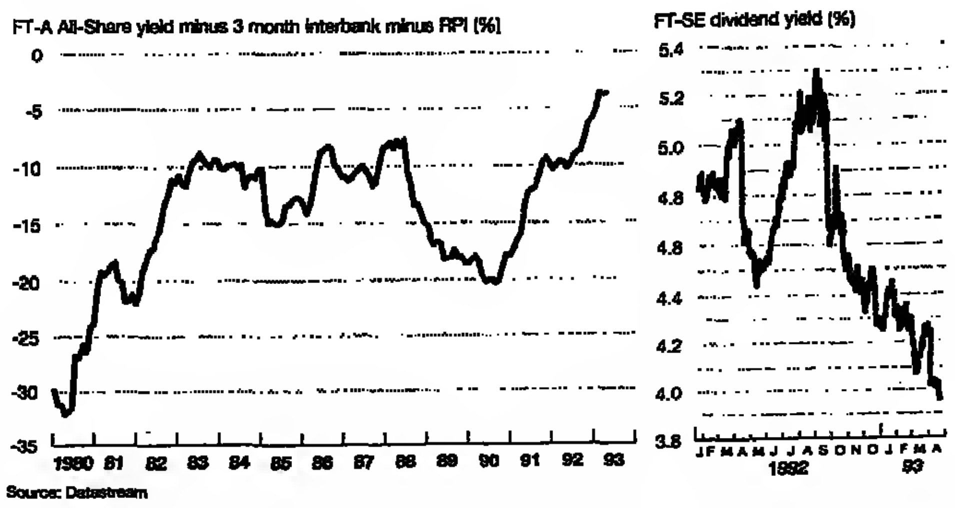
After weeks of underperformance for pharmaceutical stocks, when the ICI demerger was looking more and more foolish, there was a reversal this week. Zeneca may, after all, have timed its launch to perfection.

But on the negative tack, dividends are still being cut or paid uncovered; CE Heath, the insurance broker, discovered a nasty loss in Australia; and Hammerson, the property company, produced results even worse than the nothing great that was expected.

It may take more good news from the corporate sector, to add to the better economic news, to persuade equities to break upwards again.

■ *The three quarters were: the fourth quarter of 1974, the second quarter of 1975 and the third quarter of 1987. Gerald can buy at the bottom as well as the top.*

Why Gerald is buying



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2843.8	+19.4	2957.3	2737.5	Evidence of economic recovery
FT-SE Mid 250 Index	3136.2	+53.4	3154.7	2876.3	Focus on second-liners
Abbey National	395	+23	403	345	Housing recovery hopes
Alexon	103	+20	105	63	Board changes
BPB Inds	231	+20	238	180	Goldman Sachs upgrades
British Aerospace	315½	+44½	318½	165	Henderson recommendation
Dixons	221	+26½	281	194½	Hoare Govett positive
Eurotunnel Units	425	-35	515	332	*Delay in tunnel opening*
GUS A	1684	+101	1725	1563	Stores sought on recovery talk
Hammerson Prop. A	289	-40	382	245	Poor results/bid hopes fade
Heath (CE)	311	-21	370	293	Profits warning
Lucas Inds	137xd	+9	152	126	Bid speculation
Rolls-Royce	132	+9	139	99	UBS, Henderson recommendation
Smiths Inds	357	+31	394	320	Results/favourable outlook
Wimpey (G)	182	+26	184	107	Charterhouse, Panmure positive

Serious Money

Spell out the risks as well as rewards

by Philip Coggan, personal finance editor

RISK IS at the heart of investment, but while many savers know that it exists, they find it hard to define. While they strive to safeguard their portfolios against the most obvious types of risk, more subtle dangers are sneaking in via the backdoor.

The most common mistake is to focus on the threat to nominal capital, while ignoring the effect of inflation. Accordingly many people leave the bulk of their capital in the building society, because the alternatives are "too risky".

But even at 4 per cent inflation – the top of the government's target range – the value of money halves in 18 years. So someone retiring now at the age of 60 might see a drop of 70 per cent or so in the value of their savings over their remaining lifetime. Given that the cost of care for the elderly will probably increase at a faster rate than prices elsewhere, this could eventually result in serious financial difficulties.

Income is just as affected by inflation as capital. Interest rates have fluctuated between 6 per cent and 15 per cent over the past 15 years. Anyone who has relied on their building society for income will accordingly have enjoyed a roller-coaster ride. The canny may have saved the excess income in the high interest years in order to spend it in low interest times like today; many will not have been so wise.

Of course, interest rates may well rise from their current levels. Nevertheless, over the long term there is no reason to expect increasing income from a building society. According to Moneyfacts, someone who invested £5,000 with Abbey National would have received a gross income of 5.33 per cent in 1978, compared with just 5.35 per cent now. Prices have nearly trebled over the period.

Contrast the position with equities. If you had invested £10,000 in shares in 1980, your gross dividend income, initially £580, would by now be worth £2,016 per annum, a return of 20 per cent on your original investment.

By and large, share prices keep pace with inflation over the long term. BZW's equity price index, inflation-adjusted, reached a peak of 453.1 in 1936 (1918=100), fell back to 158.6 in 1952, rose again to 476.8 by 1968, before plunging alarmingly to 106.2 in 1975. At the end of 1992, the index was at 458.2. So even if you had bought at the market's inflation-adjusted peak in 1968, your capital has more or less kept pace with prices.

Dividend income, however, follows a much more steady upward path. The peak year, in real terms, for dividend income was 1991, when the index reached 382 (1919=100).

The long term real return for equities, according to BZW, is 7.3 per cent per year with income reinvested. So if capital values keep pace with inflation, the positive real return comes from an average dividend yield of 5 per cent plus 2 per cent of income growth, roughly equal to the long term economic growth rate.

The above analysis shows that in the long term, the real risks are taken by those who choose *not* to be in equities. But it would be wrong to suggest savers should rush out and invest all their capital in shares tomorrow.

For a start, equities do not look particularly cheap at present. The dividend yield on the All-Share index is 3.9 per cent and the price-earnings ratio is 20.3. Economic recovery may have already arrived but the market has anticipated much of the benefits. So a phased, or savings scheme, approach to equity investment is sensible.

A more fundamental problem is choosing which shares to buy. Most investors will be aware of the "blue chips", so-called because of their quality and dependability.

But blue chips can let investors down, as US investors in IBM have found. Between the 1987 Crash and the end of January 1993, the computer group's market value fell by an astonishing $72bn. There is no example in the UK which is quite on the same scale; nevertheless, stocks such as BP, ICI, Land Securities, Pearson and P&O are still lower than they were before the Crash.

Some of today's blue chips will probably underperform on a similar scale; indeed it may well be that smaller companies are the sector to choose from. But for the small investor, stock selection is a difficult task which is why an investment trust, which owns a wide portfolio of shares, may well be the best bet.

Even in this sector, there is a big difference between the capital shares of a split trust and an international generalist such as Bankers or Foreign & Colonial.

Robert Fleming, one of the largest investment trust management groups, took a step to help private investors make their choice by asking securities group Smith New Court to give risk ratings to its trusts.

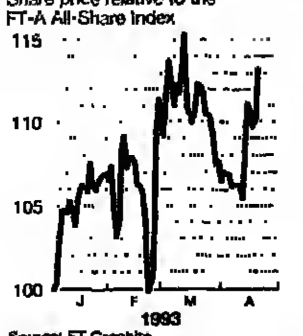
They were ranked in four different categories – slightly below average risk (Continental European and Mercantile), average risk (Fledgling, High Income and the units of the Income & Capital trust), slightly above average risk (Enterprise, European Fledgling and Claverhouse) and above average risk (the ordinary income shares of the Income & Capital trust). Investors are also told which trusts offer capital growth, income or a combination of the two.

Other groups have attempted risk ratings like Fleming's and one hopes that more follow suit. As a wider public is tempted into equities, the risks, as well as the rewards, need to be spelled out.

AT A GLANCE

ICI

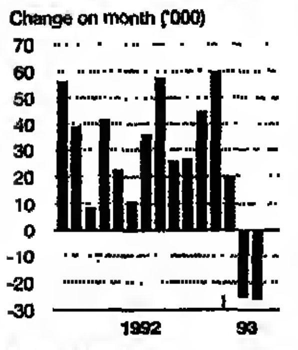
Share price relative to the FT-A All-Share Index



Source: FT Graphite

UK unemployment

Change on month ('000)



Source: Datastream

Jobless total falls for second month running

Unemployment fell for the second month running in March, raising hopes that the recession is over. The seasonally adjusted jobless total fell by 26,000 to 2.94m. The Treasury said it was dangerous to read too much into any one month's figures and said it was still too early to say whether unemployment had peaked. The March drop in the seasonally adjusted total of people out of work followed a 25,500 drop in February and compared with City expectations of a 30,000 increase last month. The unadjusted jobless figure fell by 46,000 to 2.99m in March, below the politically important 3m mark.

ICI's rollercoaster

Imperial Chemical Industries, which this week published the pathfinder prospectus for the proposed demerger of Zeneca, has had a rollercoaster ride over the last four months. During mid-February, its shares suffered the same fate as those of the drug groups, as investors registered fears about healthcare reforms in the US, Germany and Italy.

The turning point was reached when ICI's board announced it was going ahead with the Zeneca demerger, that it was guaranteeing the 1993 dividend at 55p, and was cutting 9,000 jobs. The shares rose sharply for most of March, until they fell back again on worries about effects of the slowdown of the continental economy on the chemical operations.

From mid-April, ICI's shares recovered again, with strong buying from US investors convinced the group will benefit from any economic recovery and an improved performance from the healthcare sector.

Increase in benefits

Social security benefits increased this month. The Benefits Agency, which is part of the Department of Social Security, has updated its guides for 1993. The Family Benefits series of leaflets are aimed at helping customers around the maze of social security and NHS benefits. *Leaflets range from subjects such as Babies and Benefits* (FB8) to *Retiring* (FB6). Copies are available in local social security benefits offices or can be obtained by telephoning 0800 666555.

Affinity credit card fee

Bank of Scotland is charging its Affinity credit card holders an annual fee of £7.50. The fee will appear on the May statements of existing customers and will be charged after six months to new customers. "The point has come where we can no longer do it for free. We have to make it viable," said Bank of Scotland, which launched its affinity card in 1990.

Affinity cards allow the card holder to make donations to charities or professional associations on a give-as-you-spend basis.

Nationwide postal account

A new postal account is being launched on Monday by Nationwide building society. The minimum investment for opening InvestDirect is £2,000. *The account pays a tiered rate of intrest from 5 per cent* gross on amounts up to £10,000 through to 6.7 per cent gross on £100,000 and above. Interest rate details are available by calling 0800 400417. The account comes with a cashcard for cash withdrawals. See pIV

Smaller companies rally goes on

Small company shares continued their 1993 rally this week. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.6 per cent from 1373.89 to 1395.37 over the week to April 22.

Wall Street

Results are in, investors unsure of the score

THE FIRST quarter reporting season is in full swing, and stock market investors are not sure what to make of it.

A week ago, the markets looked happy with the early earnings reports. Share prices were advancing to record levels, and by the start of this week the Dow Jones Industrial Average stood at 3,478.61, an all-time high.

Yet this week, the mood darkened, and shares fell on four consecutive days. By midday yesterday, the Dow was struggling to keep its head above 3,400.

The Dow's 2.3 per cent decline was mirrored by similar losses in the broader market. As of midday yesterday, the Standard & Poor's 500 index was down 2.4 per cent on the week.

Yet, anyone assuming that the markets' poor performance must have mirrored a poor *first quarter performance from* Corporate America would be mistaken. If anything, this week's raft of quarterly earnings were better, on average, than analysts and investors had been expecting.

Chrysler, for example, posted earnings (excluding an accounting charge) of $530m in the first quarter, a substantial turnaround from the $13m loss the car maker suffered at the same stage of 1992.

Another corporate giant, the retailer Sears Roebuck, also looked good in the opening quarter, making record profits of $435m as performance improved in almost all of its divisions.

Among other large companies to announce improved, or better-than-expected earnings in the January-March period, were several banks (Citicorp, Chemical, and Bankers Trust), the heavy equipment manufacturer Caterpillar, the telecommunications giant AT&T, and the financial services group American Express.

Even some companies operating in hostile business environments put on a good showing – aerospace and defence manufacturers McDonnell Douglas, General Dynamics and Northrop all did well, while most unlikely of all, airline group AMR (parent of American Airlines) offered a *pleasant surprise* in *its first* quarter report.

True, there was some bad news. IBM's results were in line with forecasts (a $285m loss) and the computer manufacturer warned that the outlook remained cloudy, while United Technologies, Chemical Waste Management and Delta Air Lines all disappointed.

Overall, however, the first quarter reports were mostly *on the positive side. So why* did share prices fall?

In a word, valuations. The S&P 500 is trading at about 23 times reported earnings, expensive by any standards. Even when measured by prospective earnings, shares look overpriced. The prospective price-earnings ratio of stocks, according to Value Line, the investment analysts, is currently around 16. As Value *Line pointed out* in its latest investment survey, the last time the markets peaked before a big fall, in late August 1987, the prospective p/e ratio on its stocks was 16.9.

Dow Jones Industrial Average

Source: FT Graphite

In other words, stocks are coming close to the sorts of valuations that in the past have warranted correcting, and correcting in a substantial fashion. Prices have climbed so high partly because of the billions of dollars flooding into equities from low-yielding short term assets such as money market funds and bank certificates of deposit.

Yet stocks also look overvalued because in the past year investors built up their expectations of improved profitability so high, perhaps too high. This explains why stocks fell this week in spite of news of stronger earnings. Sure, profits have improved, but not enough to justify prices at these levels.

Equally important, investors are beginning to get the jitters about what will happen to earnings over the rest of the year. They worry that, like the economy, the upturn in corporate profitability over the last *two quarters* may prove to be only temporary.

Economic growth hit a peak of 4.7 per cent in the final quarter of 1992. It will certainly fall when first quarter 1993 growth is reported. Moreover, growth could slow even more in the second quarter if the pattern of March's economic numbers (retail sales, employment, industrial production and durable goods orders were all weak last month) continues.

If the pace of the economic recovery is slowing, then growth in corporate profits will slow too. That makes stock market valuations even more difficult to justify at current levels. Which is why a growing number of investors and analysts are feeling uncomfortable about equities.

As the Astrologers Fund, those analysts who forecast stock prices by the movements of the moon and the stars, put it at the top of their leaflet this week: "The Sky *Is* Falling".

Patrick Harverson

Monday	3466.99	– 11.62
Tuesday	3443.49	– 23.50
Wednesday	3439.44	– 4.05
Thursday	3429.17	– 10.27
Friday		

The Bottom Line / **Roland Rudd**

The lure of expensive paper

HONESTY is the watch word of Robert Gavron, chairman of St Ives, the UK's largest independent printer. Told by institutional investors that they were thinking of buying his shares he was forced to admit his surprise. "I had to tell them I was somewhat amazed given how expensive they are" he said.

With forecast full year pre-tax profits of about £22.2m, St Ives's shares do look pricy on a prospective multiple of 22 – well above the market average. But the decision on whether to invest more heavily is a comparatively easy one for the company's big shareholders.

If they want to top up their holding in a printing company St Ives is one of the obvious choices. It is offering a quality product with good medium term growth prospects and a strong balance sheet.

But if its high rating does not put off some of its institutional shareholders it may deter small investors. Are they right to be put off? What they will be looking for is a feel of what might be in store for them over the next few years.

One of the best indicators of the future is the past.

Since the company came to the market in 1985 it has undergone three main phases.

■ Phase one was a phenomenal success. In the first three years the share price more than doubled to around 220p. The company used its highly rated paper and cash to make a string of acquisitions, including a book printer, magazine printers and a packaging business.

Gavron stresses that St Ives was never out to emulate the Hansons or BTRs of the corporate world. "When we went public, they just came to us and we were offered some very good opportunities," he said.

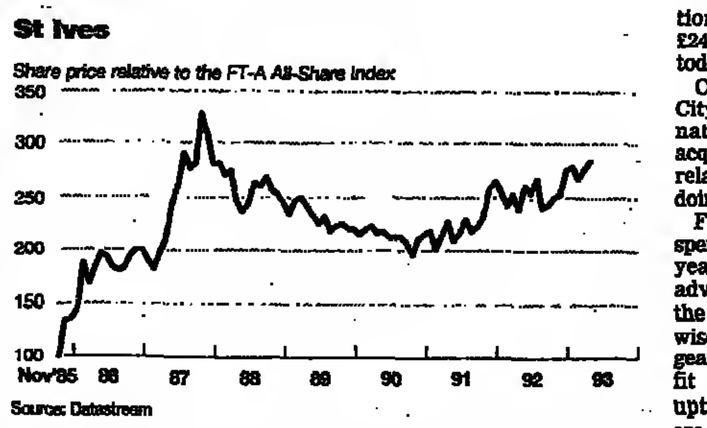
■ The next phase was disappointing. St Ives made its biggest acquisition, of Burrups Printing Group, by way of a rights issue, which coincided with the stock market crash of October 1987. A lot of shareholders held on to their new shares until the price recovered and then sold, driving the price back down.

St Ives went on to make some small acquisitions in 1989, the last of which was a magazine printing company, which made a loss before being turned around last year. The financial printing market also collapsed and the company's shares steadily declined and lost their premium rating.

■ After October 1990 the group regained all of its lost ground. Its market capitalisation jumped from £176m to £245m in 1991 and to £330m today.

St Ives

Share price relative to the FT-A All-Share Index



Source: Datastream

Over the last three years the City decided that the unfortunate timing of the Burrups acquisition did not matter. In relative terms the group was doing well.

Further more, its decision to spend £130m over the past four years on some of the most advanced printing presses in the world looks to have been a wise one. Its high operational gearing should allow it to benefit quickly from the expected upturn. The printing presses are now running at almost 80 per cent of their capacity and should soon run at full speed.

The next phase is likely to see the company return to the acquisition trail. With a high rating and a war chest of more than £13m. St Ives is actively looking for opportunities in the UK and on the Continent.

Its *brief* history, since it went public, shows that St Ives has never made a bad acquisition. The timing of Burrups was mainly responsible for the disappointing second phase but, having been restructured, it proved a good buy.

Even the US subsidiary reversed a £278,000 first-half loss to a £304,000 profit for the half year to January 29. It should be making more, and Gavron believes it will.

The last phase of its history also shows that the company is capable of earnings growth without making acquisitions. It is also well managed as underlined by its financial position. Even after the adverse effect of currency movements, primarily on its US debt, of £6.7m, it still ended the year with net cash of £13.6m.

Medium-term growth is likely to continue. The shares looked expensive in 1991 but continued to outperform over the next two years. It would be a mistake to buy the shares as a short-term gain. But the stock looks very attractive to anyone thinking of *holding* them for at least a few years.

هكذا من الأصل

FINANCE AND THE FAMILY

Making the most of perks

***Scheherazade Daneshkhu** on the pros and cons of holding a gold card*

HAVING a gold card was a mark of wealth in the yuppie days of the 1980s. Producing one to pay for goods or services made its owner feel good: it signified that bis income was above average, and offered high spending limits plus other perks.

But with the recession causing many people to reassess their priorities, gold cards came under increasing scrutiny. And with the recessinn still biting, the question arises: are they now more of a liability than an asset?

To qualify for a gold card, you must have income of at least £20,000 (although the minimum at Robert Fleming is £40,000 and usually £75,000 at Coutts) so that issuers know you have the means to settle any large bills. But that has not stopped some issuers running into substantial bad deht problems.

Last December, American Express halved – to £5,000 – the overdraft facility for its gold card customers and it has suspended the facility altogether for new customers, at least for the time being. Unsecured lending above £2,500 also has been suspended for its green card customers in the UK.

Girobank has gone even further and last year withdrew its gold card for new customers altogether, although it says the reason was low demand.

Robert Fleming ties its gold card to its Premier account. Unusually, it does not charge an annual fee hut there are no perks on the card other than an overdraft facility at preferential rates. "Our researcb showed us that there is a significant market whicb does not want all the travel-related services," the bank said.

Some banks offer two types of gold card because of an agreement witb American Express. Lloyds and Royal Bank of Scotland are among those which offer their own gold Mastercard or a gold American Express card.

■ Charge cards

Most gold cards are charge cards where the balance has to be paid off in full within a certain period of receiving the statement. But some – including those of the Co-Operative hank, Lloyds and National Westminster – are credit cards.

The advantage of charge cards is that there is no pre-set spending limit; thus, you do not have to worry about running out of credit on an expensive holiday. There is also the discipline of knowing you have to settle the amount in full once tbe statement has arrived.

Some issuers, such as Bank of Scotland and Royal Bank of Scotland, insist on direct debits for settlements. Most levy penalties for late payment, hut there is also the risk that the card will be withdrawn if this happens too often.

The *main disadvantage of* charge cards is that they have a higher annual fee than the credit variety, mainly around £70-£85; Barclays has just raised its levy from £70 to £80. Coutts cbarges £120, but reduces that to £90 if it is paid by direct debit.

But the annual fee is meant to he a charge for a whole *range of perks. For many people*, the most important of these will be the chance to borrow money at preferential rates and without the usual arrangement fee and other charges.

The box sbows the rates offered on gold cards compared with standard authorised rates of interest by the banks concerned. Some are better than others.

Barclays Premier quotes a preferential rate of 13.6 per cent (equivalent annual rate) compared with its standard rate of 19.2 EAR, hut this is less favourable than, say, the 2.5 per cent over base rates offered by Bank of Scotland.

With base rates at 6 per cent, this means paying 8.5 per cent instead of Bank of Scotland's standard overdraft rate of 18 *per cent.*

The preferential rates offered directly hy Amex are particularly unappealing, althougb the company says it will be offering a new tiered structure by the end of the year to benefit those gold card customers who have a good credit history. Preferential interest rates on Amex gold cards issued hy other banks are cheaper: the rate on a Royal Bank of Scotland Amex gold card is 8.7 APR.

While the perks nn gold cards are many aod varied, issuers have long assumed that holders – because of tbeir incomes – tend to be frequent air travellers; thus, many of the perks are travel-related. But some of these are more *useful than others.*

Tbe fine print on Amex's travel accident losurance shows that it applies only to those "who are involved in an accident while travelling on a public conveyance." But compensation for luggage delays or losses, and a refund of money spent on a holiday when the travel company fails, are attractive benefits.

Another good perk – which is *offered by most gold cards* – is purcbase protection for goods bonght with the card, usually for 90 days.

There is the convenience, too of being ahle to make cash witbdrawals abroad and obtaining casb advances from member banks at home, although most banks charge a 1.5 per cent handling fee on such *advances. And gold cards* often act as cheque guarantee cards for amounts (mostly) up to £250.

Some issuers have an emergency replacement service for lost or stolen cards. But charge cards are not usually covered hy the Consumer Credit Act, which limits the cardholder's liability to £50.

Most issuers of charge cards promise their cardholder protection if their card is lost or stolen hut cardholders are not covered by law should they fall into dispute with the issuer.

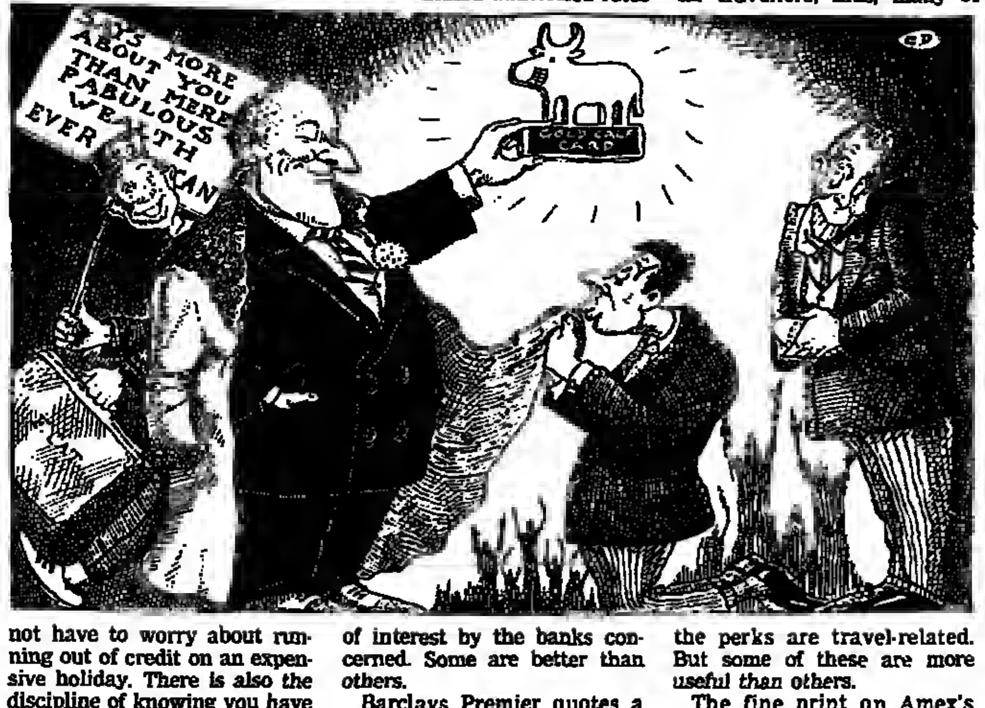
■ Credit cards

These cards have lower annual fees hut do not offer the same range of benefits as charge-card gold cards. The Co-Operative has now issued 175,000 gold credit cards, much of the husiness stemming from its pledge never to introduce an *annual fee.*

Customers at Lloyds and National Westminster banks have the option of a "gold" hank account service whicb will offer a full range of perks for a higher annual fee. This type of account is offered also hy the Royal Bank of Scotland.

Neither NatWest nor Lloyds offers a preferential nverdraft rate on the gold card alone. Lloyds hank withdrew the *facility last October; it says it* wanted to avoid duplication with its gold service bank account. The preferential overdraft rate at the Co-Operative is only just over two percentage points lower than its standard rate.

The main advantage of these gold cards is that the minimum monthly credit limit is high even if it is not unlimited, and the cards do carry some *travel-related perks. But if you* possess a gold card out of hahit, now could be the time to review how often you use its perks. This way, you can judge if it is worth paying the annual charges.



What the gold cards offer you

CHARGE CARDS

American Express Gold card
Annual fee: £85; additional card: £35 a year
Interest rate: 2.5pc per month on overdue sums 40 days after statement data, then 3pc 60 days after statement date. *Perks include:*
● Loan facility charged at 22.4 APR on £1-5,000; 21.8 APR on £5,001-10,000 and 15.3 APR on £10,000 plus.
● Purchases covered for 90 days to £20,000 max pa
● *Travel accident insurance up to £250,000.* Insurance for flight delays (£400 max), luggage delays (£200 max), lost luggage (£400 max); refund if travel company fails.
● Travel service; commission-free travellers cheques
● *24 hour emergency card replacement service;* Worldwide medical or legal emergency service
● Liability limited to £20 if card lost or stolen
● *Cash withdrawal facility of up to £1,000*

Bank of Scotland Premier card (Visa)
Annual fee: £70 plus £10 initially; additional card: £10
Perks include:
● Reduced overdraft rate up to £15,000 of 2.5pc over base (authorised overdraft rate of 12 per cent over base).
● Cash withdrawal facility of up to £500 a day; advances of up to £7,500 from UK Visa member bank; £250 cheque card
● Travel accident insurance of up to £250,000. Insurance for baggage loss (£1,000 max and £50 excess), travel delays (£180 max), emergency medical expenses (£100,000 max with £100 excess) and *repatriation costs (unlimited). Up to £85,000 cover* when abroad for accidental death or permanent disablement.
● *Emergency cash/card replacement service*
● Discounts on Hertz car rental in UK and abroad

Barclays Premier card (Visa)
Annual fee: £80; Additional card: £10
Interest rate: 3 per cent per month if account not settled 14 days after statement date. *Perks include:*
● Overdraft facility of £2,500-£50,000 at 13.6 EAR (authorised rate 19.2 EAR).
● Purchase cover insurance to £50,000 max pa
● Cash advances and withdrawals of £500 max; £100 cheque card
● *Free safe custody of deed boxes at bank branches*
● Free travel service; travellers cheques and forex can be ordered by phone and delivered by registered post
● Travel accident insurance up to £250,000. Inconvenience insurance due to delayed luggage *(£400 max) or travel delays (£200 max); Worldwide* medical or legal emergency service
● Lost card replacement service and emergency cash advance of up to $5,000 in local currency

Coutts Bank Gold card (Mastercard)
Annual fee: £120; additional card: £30
Interest rate: 2pc per month if account not settled by 15 days of statement data. *Perks include:*
● Overdraft facility up to £20,000 at 11pc pa (personal loan rate 25.9 APR).
● Cash machine withdrawal of up to £1,000 per week in UK and £350 per day abroad; £250 cheque card
● Lost or stolen card replacement service with emergency cash of up to £750
● Travel accident insurance up to £250,000. Insurance for luggage delay (£400 max), lost luggage (£2,500 max), personal money, travellers cheques loss (£500 max), emergency medical expenses (£2m max), travel delay (£250 max); Worldwide medical emergency service
● Purchase protection for 90 days up to £25,000 pa

Midland Gold (Mastercard)
Annual fee: £70; additional card: Free
Interest rate: 3 pc per month if account not settled within 25 days of statement data. *Perks include:*
● Overdraft facility of up to £2,500 at 2.5pc over base rate (authorised rate 17.4 APR)
● Cash machine withdrawal up to £1,000 a week in UK and £350 in local currency abroad: £350 cheque card guarantee for encashment
● Limited liability of £50 if card lost or stolen abroad.
● Purchase protection to 30 days to £10,000 max
● Travel accident insurance up to £250,000
● Travel insurance for luggage delay (£400 max), personal effects (£2,500 max) personal cash (£150 max), emergency medical expenses abroad (£2m max), travel delay (£200 max); refund if travel company fails; Worldwide emergency medical assistance
● Travellers cheques and forex can be ordered by phone and posted to customer, subject to 1.5 pc handling fee; free travel service

Royal Bank of Scotland Gold (Mastercard)
Annual fee: £25; additional card: Free
Interest rate: 1.5 pc per month if the account is not settled within 25 days of the statement date. *Perks include:*
● Cash machine withdrawals to £300 max a day in UK and £350 max abroad;
● Emergency replacement card service
● Liability limited to £50 if card reported lost or stolen
● Free travel accident cover of up to £50,000

Robert Fleming Premier (Visa)
No annual fee. *Perks include:*
● Cash withdrawals of up to £1,000 a day
● Overdraft facility of up to £10,000 at 2.5pc over base rate (8.9 EAR)

CREDIT CARDS

Co-Operative Bank Gold card (Visa)
Free for life
Interest rate: 1.85pc a month (24.6 APR); by direct debit, 1.8 pc (20.98 APR). *Perks include:*
● £3,000 minimum credit limit
● Personal loan of up to £10,000 at 16.6 APR instead of 18.94 APR
● Acts as £100 cheque guarantee card; Cash withdrawal facility worldwide
● Travel accident insurance of up to £100,000
● Emergency cash and card replacement service; *Worldwide medical or legal emergency service*
● Reduction of 5pc on holidays

Lloyds Bank Gold card (Mastercard)
Annual fee: £40; additional card: £10
Interest rate: 15.8 APR. *Perks include:*
● £2,500 minimum credit limit
● Commission-free currency and travellers cheques
● Travel accident insurance cover of up to £100,000
● Purchases covered to 90 days up to £3,500 per claim
● Emergency card replacement and loan of up to £750; Worldwide medical or legal emergency service
● Cash machine withdrawals of up to £500 a day

NatWest Visa Gold
Annual fee: £35; additional card: Free
Interest rate: 19.8 APR. *Perks include:*
● Minimum credit limit of £2,500
● Cash withdrawal of £500 a week
● Travel accident insurance of up to £75,000;
● Worldwide medical or legal emergency service

When even the experts are confused

***Norma Cohen** uncovers some nagging worries as Scottish Equitable goes Dutch*

SCOTTISH Equitable's policyholders can be forgiven for feeling a bit confused. This week, their company announced that effective control would pass to Aegon, a Netherlands-based insurance giant. Policyholders must now vote to approve the switch. But how are tbey to know if they are getting a good deal?

It seems to offer a lot for with-profits policyholders: £200m in capital will be injected into the with-profits pool witb no strings attached. Tbe structure of the acquisition will leave Scottish Equitable with many of the characteristics of a mutual life insurance company.

In a mutual, all profits belong to the policyholders and a portion is passed along as bonus, with the remainder locked away in reserves. SE's deal will put a "ring fence" around the with-profits pool, totalling about £3bn, and all its profits will be kept for the sole benefit of its policyholders with none going to the shareholder, Aegon.

In this sense, SE's "de-mutualisation" is more attractive for its policyholders than that of some other companies in whicb the acquiring company has been entitled to a portion – typically, 10 per cent – of the with-profits pool's profits or losses. Moreover, the £200m injection will ease the strain on SE's solvency ratios, allowing it to restructure its portfolio and move into higher-yielding assets such as equities.

This, in turn, should lead to higher bonuses, the reason being the way regulators judge the ability of companies to pay these and otherwise "meet the reasonable expectations of policybolders." Companies must have assets of at least 4 per cent above liabilities, but those calculations include assumptions about sharp drops in prices for all classes of assets.

Because equities have to withstand a 25 per cent drop in prices, some companies with solvency margins of 10 to 15 per cent are having to increase their holdings of gilts and sell equities. At December 1992, Scottish Equitable bad a solvency margin of 10 per cent and, at last July, was 60 per cent invested in UK gilts.

Policyholders are giving up the right to 40 per cent of the gains made by the unit-linked side of SE's operations, whicb accounted for half of all the new business written last year. They will retain tbe right to 60 per cent of these profits although, as Aegon adds new capital, that share will fall to 50.2 per cent. At present, with-profits policy*holders are entitled to 100 per cent.*

But Aegon is also injecting £40m into the unit-linked portion of the business, which should help it become more profitahle overall. Policyholders may find they have a smaller slice of a much larger pie with no resulting loss in profit. Also, policybolders effectively will be paid for the share of the profits they are surrendering through a one-off bonus, likely to be roughly 40 per cent of one year's bonus payment.

All these are reasons why policyholders can take considerable comfort from the deal, but there are some nagging concerns.

First, shareholders may well ask *if the price is fair – a question that* stumps even the experts. Aegon is paying £240m, a price equal to the so-called "embedded value" of the portion of the business they will control, plus 10 times one year's earnings.

This embedded value is an estimate of the profit whicb will be released into policyholders' funds over the life of each policy. But estimates of any pool's embedded value will vary greatly depending on actuarial assumptions about sucb things as morbidity, investment returns and expenses.

It is not possible to determine if the embedded value is realistic without reading the full actuarial *valuation, and SE is not required to* give that to policyholders – although it might choose to do so.

A voting trust will look after the interests of with-profits policyholders and will have the right to name directors of the overall organisation. It will have a "golden share" in that it can restrict certain kinds of actions hy the main board.

But should the with-profits pool fall below 20 per cent of all business, the golden share will cease, although the trust will continue to *administer the affairs of the pool.*

The question is what role Scottisb Equitahle imagines witb-profits business will play in its future. David Berridge, the group chief executive, says that half of all business written in 1992 was unit-linked.

The bulk of the rest was unitised with-profits, a product wbere policybolders join the with-profits pool. But a marketing shift could reduce the protection for with-profits *policyholders over time, a nagging* worry for some.

What will happeo if policyholders do not approve the deal? Berridge has made clear that the company needs capital if it is to continue to grow. Without this, it will have to restrict its new business and limit payouts to policyholders – and that is something no one should want.

FINANCE AND THE FAMILY

Private investors urged to buy gilts

Bank of England spreads the message as latest £3bn auction approaches, reports **Philip Coggan**

THE BANK of England is making special efforts to encourage private investors to take part in its latest auction of £3bn worth of gilts. The stock on offer pays a coupon (interest rate) of 7.25 per cent and will be redeemed in five years.

The Bank has been encouraged by the response to its recent booklet* on the gilt market for which it received 60,000 written or telephoned requests. Private investors are turning to gilts because many issues can offer returns higher than those available from building societies.

A special shortened prospectus for the issue will appear in national newspapers, designed for the use of private investors. The auction is divided into two: competitive bids (for the institutions) and non-competitive (for private investors). In the first, institutions will bid for the stock at a price of their choosing. The Bank will then accept the highest bids and allocate the stock accordingly.

Obviously, it would be difficult for private investors to go through this process. Instead, they are allocated stock at the weighted average of the prices achieved in the competitive tender.

Although this saves them from some tricky guesswork, it does mean they have to apply for stock without knowing the price they will pay. And the process is all the more complicated because the stock is issued in partly-paid form – two chunks worth £50 apiece.

The minimum non-competitive application allowed is for £1,000 nominal of stock (the maximum is £500,000). But because of the partly-paid aspect, investors must send a cheque to the value of £53 for every £100 nominal – so the smallest cheque you can send is £530.

If the price achieved in the auction is £51 per £100, investors will be entitled to a refund. But they will then face a bill for the second payment – a further £50 for every £100 nominal – by May 20.

In other words, you send the Bank some money, it sends you some back – and then you send it some more. If the government really wants to encourage private investors to buy gilts, they could tidy up this ridiculously convoluted process.

Those who want to apply (the easiest way is to use one of the forms in the newspapers) will need to hurry. Applications must be sent to the Bank of England, New Issues, P.O. Box 444, Gloucester GL1 1NP, to arrive no later than 10 am on Wednesday April 28. Cheques must be made out to the Bank of England and crossed "New Issues."

The advantage of investing in a new issue is that you avoid paying commission. You can also buy stock reasonably near to face value (many gilts are trading well above it) so that, if you hold the stock until maturity, you will incur only a minimal capital loss. Investors can have the stock placed on the National Savings register so that income can be paid gross.

A more fundamental question is whether it makes sense to buy the issue. Although the coupon is 7.25 per cent, the chances are that investors will have to pay a fraction above face value – bringing the redemption yield down to 7 per cent. For basic-rate taxpayers, the running yield will be around 5.37 per cent – that compares with the 6.95 per cent net yield on £50,000 quoted by *Moneyfacts* for the best guaranteed income bond over the same period. Obviously, a GIB is higher risk (although the Policyholders Protection Act safeguards 90 per cent of the investment) and is not a liquid security.

Much also depends on whether you believe interest rates will remain at low levels for five years. If they do not, you could be locked into a low-yielding investment. Even if you sell the gilt in the interim, you might not get what you paid for it.

**Investing in Gilts: a Guide for the Small Investor. Available from post offices or from the Bank of England on 0800-818-814.*

Abbey closes a missing Link

Clients face charge for withdrawals, says **Scheherazade Daneshkhu**

ABBEY National is to charge its customers for withdrawals from cash machines belonging to other members of the Link network. The fee will be 60p a time but there will be no charge for balance enquiries.

The measure, to take effect from June 7, applies only to those people with savings accounts and not to Abbey's current account customers. The society says that less than 4 per cent of its customers will be affected.

John Berry, the marketing director, explained: "The cost of processing customer transactions from non-Abbey National cash machines is currently borne by all of our customers and has risen considerably over the last few years.

"The new charge is simply a way of ensuring that the majority of customers are not faced with the prospect of continued cross-subsidisation."

When a Link cardholder withdraws money from the cash machine of another bank or building society, the card issuer has to pay 43p to that bank or society plus another "few pennies" to Link itself.

Halifax, which joined the Link network in July 1989, has charged its customers for making withdrawals from non-Halifax machines from the beginning. The Link withdrawal facility is provided on Halifax's Maxim current account and its Card cash account. The society says that since it has 1,600 machines, it decided its own customers would never be far from one. The cost is 60p per withdrawal.

Nationwide, which this week entered the postal account market dominated by the banks, has introduced a cash withdrawal facility on the new account. Customers will be able to use the society's 730 machines to make a maximum withdrawal of £250 a day but they will be charged 50p for doing so. The charge for making withdrawals from other Link member machines will be £1.

Nationwide says that although it has highlighted the cash withdrawal facility on the postal account, it is not designed to be (in the jargon) a transaction account but a high-interest postal account. "The charge is designed to reinforce that distinction. We don't encourage people to use it on a daily basis. It is there for peace of mind," adds Nationwide.

The society is considering introducing charges for customers of its other accounts with a Link card facility who use another society's Link machine. "The move by Abbey National will colour our thinking," Nationwide says.

News in Brief

A SPATE OF new fixed-rate mortgage offers came on the market this week, and Abbey National is offering two of them.

One is 6.99 per cent (8.2 apr) until October 31 1994; the other is 8.99 per cent (8.9 apr) until the end of January 2000. Both are offered on all types of mortgage and are portable.

There is a £250 non-refundable booking charge. Early redemption penalties are 60 days' interest for the former and 210 days' interest on the latter.

Nationwide has extended its two-year, fixed-rate mortgage to apply to all borrowers instead of only first-time buyers. The rate is fixed at 5.75 per cent in the first year and 6.75 per cent in the second (8.2 apr).

The maximum advance is 90 per cent of the property's value but borrowers must take out the society's mortgage payment cover policy.

The rate is available on endowment, pension and repayment loans and the arrangement fee is £195, with a penalty of six months' interest if the loan is redeemed in the first year and four months' in the second.

A three-year rate of 7.69 per cent (8.3 apr), fixed until June 30 1996, has been launched by Bradford & Bingley.

It is available on all types of mortgage but customers will have to take out two insurance-related products from the society. The booking fee on loans up to £100,000 is £295, and 0.3 per cent on higher amounts. The early redemption penalty is three months.

■ *A survey by the Alliance & Leicester* building society shows that nearly 7m home-owners would like to move house. The results, released this week, follow research carried out before the Budget.

A quarter of those questioned – or 1.7m – believe they are likely to move within the next year; this compares with 1.3m who moved in 1992. More than one-third said they could not afford to move but over half overestimated present mortgage rates.

"This is like a dam waiting to burst," said Peter White, group chief executive. "Factors holding people back include the effects of the economy, lack of job security and, surprisingly, the fact that many don't realise how cheap mortgages have become."

■ A new edition of the *Pep Performance Guide* has been issued by Chase de Vere. The charts, which are published quarterly, cover the period to April 1 1993. Around 600 unit and investment trust Peps are listed, together with those single company Peps where the underlying share is quoted on the FT-SE 100.

The leading unit trust Pep over three years is the Pep Progressive Accumulation managed by St James's Place. It is followed by Perpetual's High Income Pep, Schroder's Enterprise Pep, Newton's General Pep, and Perpetual's Pep Growth & Income.

In the investment trust sector, the five top performers were Ivory & Sime with its Personal Assets Pep, followed by River & Mercantile's Stepped Preference Pep, Moorgate's General Consolidated Stepped Preference Pep, Law Debenture's Pep and TR City of London Pep.

Chase de Vere singled out Perpetual's performance as standing out for its consistency throughout the charts.

Pep Performance Charts, second edition, from Chase de Vere Investments, 63 Lincoln's Inn Fields, London WC2A 3JX. Free with PEPGUIDE (£9.95 incl. p&p) or £2 (incl. p&p) to existing PEPGUIDE holders.

CGT allowances for March sales

THE TABLE shows capital gains tax (CGT) allowances for assets sold in March. To use it, multiply the original cost of the asset for the figure shown for the month in which you bought it.

If you subtract the result from the proceeds of your sale, the balance will be your taxable gain or loss.

Suppose that you bought some shares for £5,000 in February 1985 and sold them in March 1993 for £12,000. Multiplying the original cost by the February 1985 figure of 1.501 gives a total of £7,505.

Subtracting that from the proceeds of £12,000 gives a capital gain of £4,495, which is below the 1992-93 CGT allowance of £5,800. If you realised no other gains during the year, the profits should be tax-free. The threshold has been maintained at £5,800 for the 1993-94 tax year.

If you sell shares bought before April 6 1982, you should use the March 1982 figure. The RPI in March was 139.3.

CGT INDEXATION ALLOWANCES: MARCH

Month	1982	1983	1984	1985	1986	1987
January	-	1.686	1.604	1.527	1.447	1.393
February	-	1.679	1.597	1.515	1.442	1.387
March	1.753	1.676	1.592	1.501	1.440	1.385
April	1.719	1.653	1.571	1.470	1.426	1.368
May	1.707	1.646	1.566	1.463	1.424	1.367
June	1.702	1.642	1.562	1.460	1.424	1.367
July	1.701	1.633	1.563	1.463	1.428	1.368
August	1.701	1.626	1.549	1.459	1.424	1.364
September	1.702	1.619	1.546	1.460	1.417	1.360
October	1.693	1.613	1.536	1.457	1.415	1.354
November	1.685	1.607	1.532	1.452	1.403	1.347
December	1.688	1.603	1.533	1.450	1.398	1.348

Month	1988	1989	1990	1991	1992	1993
January	1.348	1.255	1.166	1.070	1.027	1.010
February	1.343	1.246	1.159	1.064	1.022	1.004
March	1.338	1.240	1.147	1.060	1.019	
April	1.317	1.219	1.114	1.047	1.004	
May	1.312	1.211	1.104	1.043	1.000	
June	1.307	1.207	1.099	1.039	1.000	
July	1.306	1.206	1.099	1.041	1.004	
August	1.291	1.203	1.087	1.039	1.003	
September	1.285	1.195	1.077	1.035	1.000	
October	1.272	1.186	1.069	1.031	1.000	
November	1.266	1.176	1.072	1.027	1.000	
December	1.263	1.173	1.072	1.027	1.001	

Source: Inland Revenue

The Week Ahead

Imperial Chemical Industries, the UK's biggest manufacturer, reports first-quarter results on Thursday in the crucial run-up to floating Zeneca, its bioscience subsidiary. Analysts expect pre-tax profits of about £180m compared with about £211m for the same period last year. They will be looking at the extent of the impact of the slowdown in continental Europe, particularly in fibres, as well as the upturn in films, polyurethanes and acrylics in the US. The extent of benefits from cost-cutting will also be watched carefully.

Tarmac is expected to announce 1992 pre-tax losses of up to £355m on Tuesday. The company also is expected to adopt the FRS 3 accounting standard, which means that provisions of more than £300m will be taken above the line. The final dividend of 5.5p is expected to be maintained. The market will want to know what progress the company's disposal programme is making, particularly the planned sale of its waste disposal business.

With discount food retailers threatening the supermarket chains, investors will take a keen interest in results of Kwik Save on Thursday. Interim pre-tax profits could be up as much as 20 per cent to about £80m as more price-conscious consumers turn to it.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Aberdeen Pet.	15.3	16½	18	7.88	Pittencrieff
Bexbuild Dev.	88*	87	78	3.68	Philip Shapiro
Brabant	58*	58	44	9.72	EDC
Brown Shipley	35*	35	30	5.58	GPG Group
Buckingham	2¾*	3¼	4½	3.31	Purlieus
East Worcester	2432*	475	475	26.30	Severn Trent
East Worcester N/V	1920*	325	325	2.40	Severn Trent
Gabicci ‡	44	44	41	5.16	Helene
Hoskyns	469*	54	464	433.00	Cap Gemini Sogeti
House of Lerose	190§§	185	169	10.82	Country Casuals
Hunter Saphir ‡	42*	43	36†	10.37	Albert Fisher
Kirkland AS	562§	275	-	21.51	Oliver Resources
Piston Int'l ‡	31	29	20	3.30	Wills
TIP Europe	42*	41½	25½	71.0	GE Capital
Thames TV	200*	195	175	99.0	Pearson
Teredo Pet.	5	5½	5	1.56	Cairn Energy

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 23/4/93. §§Shares and cash. †Price at suspension.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abtrust New European	InTr	Feb	239	(201)	0.53	(0.48)	0.3	(0.3)
Accbank	Bank	Dec#	8,500	(6,510)	-	(-)	-	(-)
Asda Property	Prop	Dec	6,020	(4,400)	3.1	(5.4)	2.1	(2.0)
Austin Reed	Strs	Jan	1,220	(810)	3.0	(0.7)	5.0	(5.0)
Barclays NZ	Bank	Dec♦	11,000	(8,100)	-	(-)	-	(-)
Barlows	Prop	Dec	654 L	(339 L)	-	(-)	0.825	(2.475)
Beckenham Group	Misc	Oct	5,120 L	(4,700 L)	-	(-)	-	(0.5)
Bentalls	Strs	Jan	986 L	(1,400)	-	(2.27)	1.9	(3.85)
Bleichi Mining	Mine	Dec	168	(106)	1.34	(0.75)	0.83	(0.6)
Bodycote Int'l	Cong	Dec	13,600	(11,500)	31.7	(27.8)	10.9	(9.25)
Boosey & Hawkes	H&L	Dec	4,230	(4,010)	67.5	(62.5)	22.0	(20.0)
Boot (Henry)	C&C	Dec	7,080	(6,770)	18.9	(18.4)	5.9	(5.4)
Bourne End Props	Prop	Dec	1,150 L	(1,420 L)	-	(-)	1.0	(1.0)
British Fittings	BdMa	Dec	1,440 L	(3,570 L)	-	(-)	1.5	(5.37)
Co-op Wholesale Soc	n/a	Dec	5,000	(13,800)	-	(-)	-	(-)
CSC Investment Tst	InTr	Dec	45†	(85†)	2.75	(5.15)	4.0	(5.0)
Deacons	Prop	Dec	936 L	(404)	-	(3.1)	3.0	(5.9)
EIS Group	Eng	Dec	15,100	(14,200)	27.3	(26.24)	12.0	(11.7)
Elys (Wimbledon)	Strs	Jan	502	(879)	29.0	(49.3)	16.0	(16.0)
Etam	Strs	Jan	10,900	(10,700)	10.3	(9.42)	6.9	(6.6)
Fleming Inc & Cap	InTr	Mar	5,330Ψ	(-)	5.77	(-)	4.725	(-)
Forward Group	Elec	Jan	1,230	(822)	11.08	(5.69)	3.3	(2.5)
Freeman Group	BdMa	Dec	874	(342)	7.8	(-)	5.0	(3.0)
Geared Income Inv	InTr	Mar	2,460	(2,190)	8.48	(7.32)	2.62	(2.44)
Greenacre Group	H&H	Jan	1,360	(913)	0.57	(0.47)	0.28	(0.25)
Hammerson Property	Prop	Dec	31,100	(55,500)	11.0	(22.5)	10.0	(20.5)
Havelock Europa	C&C	Dec	3,070 L	(2,470 L)	-	(-)	-	(1.5)
Helical Bar	Prop	Jan	5,880	(7,580 L)	29.0	(-)	4.8	(4.0)
Huntleigh Technology	H&H	Dec	5,540	(2,380)	40.12	(17.35)	10.0	(4.5)
Ibstock Johnsen	BdMa	Dec	27,600 L	(10,600)	-	(2.58)	1.0	(6.0)
Jacks (Wm)	Mtrs	Jan	417 L	(850 L)	-	(-)	-	(-)
Jerome (S)	Tex	Dec	246 L	(1,150 L)	-	(-)	-	(1.0)
Liberty	Strs	Jan	3,660	(5,880)	9.05	(20.77)	7.2	(7.2)
Littlewoods	n/a	Dec	97,000	(97,000)	-	(-)	-	(-)
London & Associated	Prop	Dec	1,170	(1,030)	0.99	(1.14)	0.58	(0.52)
Miller Group	n/a	Dec	3,500	(500)	-	(-)	-	(-)
Newarthill	n/a	Oct	21,500 L	(42,800 L)	-	(-)	-	(-)
Proudfoot (Alexander)	BsSr	Dec	25,200	(50,100)	18.2	(51.6)	12.0	(19.5)
Quarto Group	Med	Dec	3,810	(4,050)	18.2	(17.9)	5.37	(5.25)
River & Merc Geared	InTr	Mar	1,370	(1,500)	7.15	(7.89)	7.52	(7.52)
Ropner	Cong	Dec	3,820	(5,270)	11.0	(15.8)	8.25	(8.25)
Secs Tst Scotland	InTr	Mar	13,400	(13,300)	3.03	(3.0)	3.25	(3.25)
Swallowfield	H&H	Dec	1,270	(2,100)	7.3	(13.0)	4.4	(6.1)
Thames TV	Med	Dec	44,400	(8,200)	52.3	(4.1)	2.5	(7.5)
United Energy	O&G	Dec	58	(127 L)	0.2	(-)	-	(-)
Yorklyde	Tex	Jan	2,200	(1,520)	31.2	(21.2)	10.4	(9.7)
Wembley	H&L	Dec	12,000 L	(8,400 L)	-	(-)	0.2	(1.2)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amber Day	Strs	Jan	4,450	(6,290 L)	1.1	(1.1)
Assoc British Foods	FdMa	Mar	161,000	(150,000)	8.5	(8.5)
EFM Dragon Tst	InTr	Feb	9 L	(257)	-	(-)
Exmoor Dual Inv	InTr	Feb	880	(825)	5.1	(5.1)
First Maryland	Bank	Mar ⅟₄‡	28,500♦	(20,000♦)	-	(-)
Fisher (Albert)	FdRt	Feb	25,000	(17,000)	1.85	(1.35)
Five Oaks Inv	Prop	Dec	953 L	(371 L)	-	(-)
Govett Strategic	InTr	Feb	4,610	(5,300)	2.65	(2.65)
Keystone Inv	InTr	Mar	2,350	(1,060)	5.0	(5.0)
Jupiter European	InTr	Oct©	139	(108)	1.0	(0.5)
London & St Lawrence	InTr	Feb	757	(768)	-	(-)
Low (Wm)	FdRt	Mar	10,900	(8,820)	2.7	(2.7)
Marine Midland	Bank	Mar ⅟₄‡	34,000‡	(2,600‡)	-	(-)
Natwest Bancorp	Bank	Mar ⅟₄‡	60,700	(30,100)	-	(-)
Regina	H&H	Feb	143	(457 L)	-	(-)
Scott Metropolitan	Prop	Feb	532	(840 L)	0.5	(1.5)
Shaw Group	Tex	Jan	1,340	(770)	1.8	(1.6)
SmithKline Beecham	H&H	Mar ⅟₄	306,000	(272,000)	2.533	(2.075)
Smiths Industries	EngA	Jan	40,300	(44,300)	4.3	(4.1)
St Ives	PP&P	Jan	10,500	(10,100)	1.5	(1.5)
Verity Group	H&L	Dec	1,540 L	(1,710 L)	-	(-)
Waste Management	Misc	Mar ⅟₄	34,400	(27,300)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Net revenue. ⅟₄ = 1st quarter figures. © = This years figures for 10 months. ‡ = Figures quoted in US dollars. ♦ = Figures quoted in New Zealand dollars. Ψ = Net income. # = Figures quoted in Irish pounds. ‡ = Net earnings. ♦ = Net income.

RIGHTS ISSUES

EIS Group is to raise £24.4m via a 1-for-5 rights issue at 340p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Fine Decor is to join the main market in June via a placing that will value it at £25m.
Regent Inns is to raise £6.16m via its stock market placing and open offer at 135p.
Young & Co is to raise £15m via a placing of long dated-debenture stock.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
BDA Holdings	Prop	Friday	-	-	-
Borland Int'l	Elec	Wednesday	-	-	-
Bournemouth Water	Wtr	Tuesday	-	-	-
Britannia Group	Prop	Monday	1.0	-	-
Brixton Estate	Prop	Wednesday	2.9	5.2	3.0
Cannon Street Inv	Cong	Wednesday	3.3	-	-
CI Group	Eng	Thursday	0.825	1.225	0.825
Clayton Son & Co	Eng	Friday	-	3.0	-
Eadie Holdings	Eng	Tuesday	-	-	-
Edinburgh Inv Tst	InTr	Tuesday	2.85	5.2	2.85
English National Inv	InTr	Wednesday	5.0	11.2	5.0
Farnell Electronics	Elec	Monday	2.8	3.2	2.8
Follies Group	Eng	Thursday	0.575	1.8	0.575
Grampian TV	Med	Thursday	1.0	4.5	1.1
Herring Baker Harris	Prop	Tuesday	3.25	3.75	3.25
Hopkinsons Group	Eng	Thursday	1.2	2.5	0.9
How Group	C&C	Monday	1.0	1.5	0.75
Laser-Scan Holdings	Misc	Thursday	-	-	-
Moss Bros	Strs	Monday	1.5	3.5	1.5
Porth Group	Misc	Tuesday	-	-	-
Reace	Cong	Wednesday	0.1	-	-
Richards Group	M&MF	Friday	1.65	2.75	1.65
Schroder Korea	InTr	Tuesday	-	-	-
Scottish Mortgage & Tst	InTr	Thursday	1.3	2.6	1.35
Sears	Strs	Tuesday	1.525	3.83	1.0
S&U	OtFn	Tuesday	2.0	6.8	2.4
Tarmac	BdMa	Tuesday	3.0	2.5	3.0
Toye & Co	Misc	Friday	-	8.0	-
Travis Perkins	BdMa	Tuesday	2.5	5.5	2.5
Trinity Holdings	Mtrs	Wednesday	-	-	-
Tullow Oil	O&G	Tuesday	-	-	-
Venturi Inv Tst	InTr	Wednesday	-	-	-
Waterford Foods	FdMa	Tuesday	1.1	1.525	1.15
Wensum Co	Tex	Monday	1.15	2.35	0.575
West Hampshire Water	Wtr	Tuesday	-	-	-
INTERIM DIVIDENDS					
Automagic Holdings	Strs	Monday	-	-	-
Benchmark Group	Prop	Friday	-	-	-
Dakota Group	PP&P	Monday	-	-	-
Dickie (James)	Eng	Monday	-	1.0	-
Estates & Agency	Prop	Friday	2.5	0.5	-
Fleming Japanese Inv Tst	InTr	Wednesday	-	0.35	-
Haemocell	H&H	Wednesday	-	-	-
Hoare Govett Smaller Co	InTr	Tuesday	-	-	-
ICI	Chem	Thursday⅟₄	21.0	34.0	-
Kwik Save Group	FdRt	Thursday	4.7	11.3	-
Lowland Inv	InTr	Monday	3.0	5.5	-
Lyles (S)	Tex	Monday	1.55	3.35	-
Majedie Inv	InTr	Thursday	2.5	7.0	-
McCarthy & Stone	C&C	Friday	0.5	-	-
McKechnie	Otn	Tuesday	5.0	9.75	-
Merivale Moore	Prop	Thursday	1.0	-	-
Molyneux Estates	Prop	Thursday	-	-	-
New Frontiers Development	InTr	Wednesday	-	0.25	-
Ossory Estates	Prop	Friday	0.15	-	-
Sage Group	Elec	Tuesday	3.02	6.0	-
Scottish National Tst	InTr	Tuesday	-	-	-
Sheafbank Property	Prop	Friday	0.1	0.1	-
Shires High-Yielding	Rlts	Tuesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ⅟₄ = 1st quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

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FINANCE AND THE FAMILY

Investing in a 'cocktail'

***Scheherazade Daneshkhu** looks at international bond funds*

SOME INVESTORS who want fixed incomes may well be looking beyond the UK. They could, for instance, be pessimistic about the outlook for gilt returns, believing the scope for further British interest rate cuts is limited and that the market will be flooded with a new supply of gilts.

International bond funds deal in bonds issued by other governments and foreign corporations. Net sales funds totalled £191.9m last year, attesting to their popularity.

The table, produced from *Micropal*, shows the 10 largest international bond unit trusts with one year-performance figures. Schroder's Global bond fund is one of the 10 largest in the sector, but lacks a one-year record and is not included. The largest is Mercury Asset Management's Global bond fund, which has grown to more than £252m since its launch in January 1991.

Richard Royds, managing director of Mercury Fund Managers, says an international bond fund makes money for its investors in a "cocktail" of ways. It should find a market that offers the prospect for capital growth; it should aim for a reasonable yield to provide income for investors; and it should make money out of currency trading.

Investing in bonds denominated in a foreign currency does, of course, involve an extra layer of risk. If sterling rises against other currencies, the value of overseas bonds will fall in sterling terms. But sterling's decline late in 1992 means that the one-year performance figures shown in the table are higher than the investor would normally expect.

The average growth rate for the sector was 21.2 per cent and the top 10 funds, listed by size, all either matched or beat the sector average – with the exception of Providence Capitol's Worldwide bond trust. It says the reason was its limited exposure to Japan, which pushed up the yield on the fund but, given the yen's strength, resulted in lower performance.

At present, Mercury's Global bond fund is split geographically between 28 per cent in gilts, 27 per cent in Japan, 18 per cent in Spain, 12 per cent in France, 10 per cent in the US and 5 per cent in Australia. Royds says the Japanese exposure is a currency ploy, and US bonds are in favour because the company believes the dollar will strengthen against its present sterling level.

Managers see European bonds as particularly attractive because interest rates, while higher on the Continent than the UK, are expected to fall. The slide towards lower rates has begun, with the recent cut in France, but has yet to extend to high-yielding European government bond markets such as Italy and Spain.

Funds holding the high-yielding bond markets expect to make substantial capital gains as interest rates drop. Barclays Unicorn launched a European bond fund in January to take advantage of high real yields in Europe – with the hope of capital gain if/when German base rates are cut.

Some funds aim solely to provide capital growth. Beckman International, with a yield of 3.3 per cent in the year to April 1, is an accumulator fund which re-invests income automatically to provide capital gains.

Investors should not be seduced by high yields but should look at performance and charges. The standard fee is 5 per cent initial and 1 per cent annual. But there is a good deal of variation.

Mercury, for instance, has lowered its initial charge temporarily from 5 per cent to 4 per cent until July. Its annual charge is 1 per cent. The initial charge on Barclays Unicorn European fund is 3.5 per cent and 0.75 per cent annual.

■ *Next: Offshore bond funds*

Largest 10 international bond funds

Fund	Size (£m)	Yield (%)	Perf*
Mercury Global Bond	252.6	5.65	24.0
Baring Global Bond	165.6	7.20	22.1
Perpetual Global Bond	64.6	6.32	24.9
Beckman International	46.6	3.30	23.3
Fidelity Intl Bond	35.0	6.30	22.1
Norwich Intl Bond	28.2	6.19	23.4
Prov Cap Widwide Bond	27.4	6.52	18.1
Cannon Intl Curr Bond	21.5	5.12	21.9
S&P Intl Bond	21.4	5.66	23.6
Gartmore Global Bond	20.9	5.67	21.4
Sector average	28.2	6.0	21.2

Source: Micropal. † As of April 1. * Offer-to-bid with net income reinvested over year to April 1. Funds without one year record are excluded.

Directors' Transactions

MOST OF THE trading activity by directors last week involved sales, and one-third of such transactions concerned the exercise and sale of options.

Philip Kay, the chief executive of City Centre Restaurants, sold 2m shares at 82p. He has halved his holding over the past year but retains 4m.

John Asprey, chairman of the goldsmith and jeweller Asprey, and managing director Naim Attallah sold 135,000 shares from their jointly-held Namara Retirement Fund at 283p. The shares were bought back in August 1992 for 182p. Asprey still holds 49 per cent of the company and Attallah also retains a sizeable stake.

Keith Bradshaw, the chairman of Takare, the health care group, and Deverock Pritchard, the deputy chairman and managing director, sold 200,000 shares each to pay tax liabilities on sales made in September 1992, and on loans taken out to buy shares in the rights issue of September 1991. Both directors retain 11,156,096 each.

Colin Rogers, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Alba	Elns	10,000	13	1*
Asprey	Stor	135,000	382	1
Bilton	Prop	325,192	1,707	5*
Citycentre Rest	H&L	2,000,000	1,640	1
First Leisure	H&L	8,000	29	1
Hogg Group	InsB	11,889	23	1
Inchcape	BuSe	212,250	1,284	1*
Lambert Howarth	Misc	5,000	19	1
Lloyds Bank	Bank	4,000	22	1
Martin Intl	Text	50,000	46	1*
Menvier Swain	Elcs	20,000	121	1
Microgen Holdings	Pack	20,020	39	1
Pifco Holdings	Elcs	112,263	488	1
Reckitt & Coleman	Hlth	1,700	10	1
Shell Trans	O&G	183,000	1,073	2*
Sinclair (Wm)	Misc	11,000	28	2
Smith New Court	OthF	10,000	22	1
Sterling Publishing	Med	100,000	115	1*
Takare	Hlth	400,000	940	2
Unilever	FdMa	15,390	182	1
Wimpey (George)	C&C	6,862	10	1
PURCHASES				
Drayton Far East	InTr	600,000	660	1
Ewart	Prop	75,000	34	1
IMI	EngG	9,000	25	1
Park Food Group	FdRe	8,020	17	2
Sheldon Jones	FdMa	40,000	16	1
Stylo (Ltd vtg)	Stor	10,000	13	1
United Industries	Metl	131,706	26	1
Wace Group	Pack	25,000	25	1
Wellcome	Hlth	2,000	14	2

Value expressed in £000s. *Companies must notify the Stock Exchange within 5 working days of a share transaction by a director.* This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 13-18 April 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

Employee Share Schemes

Workers with a stake in success

***Philip Coggan** explains how staff can promote their own company*

MORE THAN 1m people are taking part in profit-related pay schemes, according to the government. This week, it launched a booklet* publicising the various tax-efficient plans which encourage employees to help in promoting the financial health of their companies.

Profit-related pay, or PRP, is just one of the schemes mentioned in the booklet. All-told, one fifth of the workforce is now covered by some kind of financial participation scheme. The main types are:

■ **Profit-related pay**
PRP schemes link part of an employee's earnings to the profitability of the company for which he works.

If it is a registered scheme, PRP is tax-free up to a limit of 20 per cent of pay or £4,000, whichever is the lower. The costs incurred by a company in setting up such a scheme are tax-deductible.

David Cohen, of City lawyer Paisner & Co., says many recent schemes have asked employees to sacrifice part of their basic pay in order to qualify for the profit-related element. The government believes PRP will encourage flexibility in pay levels and improve the labour market in the long run.

■ **Profit-sharing schemes**
A trust is set up by a company to which it gives cash (often based on the group's profits); the money is tax-deductible for the firm.

The trust uses it to buy shares which it allocates free to employees who, so long as they hold the shares for at least five years, will not have to pay income tax on the proceeds. But capital gains tax could be payable, based on the increase over the initial value of the shares.

■ **Discretionary share option schemes**
These tend to be known as executive schemes, since they can be offered to selected employees. Executives are allocated options at a fixed price and pay with their own money. If they are held for three years, profits are not liable to income tax. But CGT is payable, based on the difference between the option and sale prices.

■ **SAYE share option schemes**
Employees can put aside up to £250 a month for five or seven years. The sum saved is deposited with a bank, building society or with National Savings and earns tax-free interest (in the form of a terminal bonus). At the end of the period chosen, the employee can either take the cash or use it to buy shares in the company.

The price set for the share purchase will be at a discount (normally 20 per cent) to the trading price at the start of the saving period. So, provided the company has not got into difficulty, there is a chance of a substantial profit on the shares. If not, the savings plan still provides a reasonable tax-free return, equivalent to 5.53 per cent over five and 5.87 per cent over seven years. Rates on options granted before April 1 are more attractive.

■ **Employee share ownership plans**
A company sets up a trust which acquires and distributes shares to existing employees. Payments by the company to the trust qualify for corporation tax relief. Cohen says these trusts are designed for longer-term ownership, but do not have the same tax advantages for employees as a profit-sharing trust (although the two can be used in tandem).

The idea behind all these schemes is that, if workers have a stake in their employer, they will be motivated to work harder (and less likely to go on strike). As far as the employees are concerned, such schemes are normally paid on top of their basic salary – and any extra money (especially in a tax-free form) is welcome.

The SAYE scheme, although it involves investing your own money, is regarded generally as a highly attractive investment provided you can maintain your holding for the minimum of five years.

After the qualifying period is up, employees must decide whether to hold their shares or exchange them for cash. The danger is that if the employer goes bust, they could not only lose their job but the bulk of their savings as well.

On the other hand, shares tend to outperform the building society in the long run. If you have savings elsewhere, and you are confident about your company's financial strength, then a shareholding could be a very profitable long-term investment.

Shares acquired through an approved option scheme can be transferred directly into a single company Pep (without the normal bed and breakfasting costs) if the transfer is made within 90 days of the shares emerging from the scheme. Individuals can invest £3,000 in a single company Pep (in addition to a £6,000 general Pep holding) in any tax year. Returns within a Pep are free of income and capital gains tax.

**Sharing in Success: The Government's Employee Financial Participation Schemes. Copies available from the Press Office, HM Treasury, Parliament Street, London SW1P 3AG.*

Unitised plans: are savers getting a raw deal?

Millions are buying them but there are growing concerns over their complexity and how they are being marketed, says ***Barry Riley***

ON MONDAY, a select group of learned actuaries will gather in Staple Inn Hall to debate the subject of so-called unitised with-profits (UWP) contracts. These are not just of academic interest – they are being bought by millions of savers every year.

Some fear that marketing men may have created unrealistic expectations among policyholders, and many believe UWP products should be designed more consistently.

Actuaries are concerned because they are the professionals responsible primarily for the soundness of life assurance companies. Many of these life offices are now marketing UWP plans to supplement or replace the traditional with-profits contracts which have been around, in various forms, for over a century.

Unitised plans have been marketed only since the mid-1980s, but are mushrooming. If you have bought any kind of with-profits bond – a form of single-premium life assurance savings contract – it falls into this category. Most of the personal pension plans taken out recently are also unitised.

Under a unitised with profits policy, the investor buys units, on which bonuses are added each year rather than, as with a conventional with profits policy, to the sum assured. The idea is that the investor finds it easier to understand the policy and there is less of a strain on the insurance company's reserves in the early years.

Regular-premium endowment plans continue more often to be traditional than unitised but Standard Life, the market leader, has switched all its mortgage endowments to the unitised structure.

Actuaries want to be sure that these contracts are based soundly so that, where they offer investment guarantees, there is no risk that freak conditions could involve the company in big losses.

The public probably need not worry about such matters, but there are more general worries. Chiefly, these concern the sheer complexity and unpredictability of UWP products. Even the companies which designed and introduced them may not be sure how all their features will be applied over the long term. Some time bombs may be ticking.

The ultimate danger is that people will find they have bought a pig in a poke. A with-profits contract is designed to permit normal investment risks to be smoothed out, but the risks cannot be eliminated completely – not unless they are borne, possibly unfairly, by other types of policyholder.

Actuaries are committed to satisfy the "reasonable expectations" of policyholders. But unless these unitised plans are knocked into some sort of consistent order, and are explained properly to investors, it will be hard – perhaps impossible – to define what a reasonable expectation might be. If millions of savers are disappointed because of some future stock market crash, the reputation of the life industry could be damaged seriously.

Two separate documents will be discussed on Monday. The main attention will focus on a paper produced by John O'Neill and Howard Froggatt from Bacon & Woodrow, an independent firm of consulting actuaries. (This is, incidentally, the same firm which upset the industry recently by saying that with-profits personal pension plans should not be touched with a bargepole at present because companies have been paying out too much in bonuses).

Over the next few years, B&W says, companies will have to rebuild their reserves and returns will be better on the alternative form of contract, the unit-linked plans which are invested directly in underlying portfolios.

Actuaries want to be sure that contracts are based soundly so that there is no risk of freak conditions causing losses

The other document is the report of a working party of the English and Scottish actuarial institutes. This will comment on the results of a survey of leading life offices. Unfortunately, it will not be published until Monday; but the chairman of the working party, David Purchase, said it had thrown up some interesting material in a largely uncharted field.

Why has the life industry switched away from traditional with-profits contracts to the unitised form? There are several reasons, according to O'Neill and Froggatt, who say:

■ A desire to apply the smoothed with-profits approach to single-premium (or lump sum) investments led to the introduction of with-profits bonds.

■ Bonuses on traditional with-profits contracts are having to be cut. Unitised products have been seen by some offices as a way of starting again, with bonuses initially at a lower level.

■ Traditional contracts were fine for constant premiums but were hard to adapt to personal pensions where premiums often vary substantially with earnings. Unitised plans were seen as the answer.

■ Companies wish to offer policyholders the option of switching their unit-linked contracts into with-profit funds which can make sense, for instance, when pension plan-holders are approaching retirement age and need to reduce their investment risks.

■ Some companies have been running short of capital, and unitised plans tie up fewer reserves than traditional with-profits contracts, at least in the early stages.

Ultimately, though, there is no magic in UWP contracts. Volatile investment returns cannot be smoothed out completely, and there must from time to time be losers as well as winners among the policyholders (which is why B&W has told its clients to avoid with-profits pensions).

As for the marketing hype, the life assurance regulator, Lautro, has reprimanded several life offices selling with-profits bonds for not making it clear enough that bonuses and capital values can go down.

Thus, controversy surrounds the notorious market value adjusters (sometimes called market value adjustment factors) which are part of the small print of UWP plans. Life offices have the right to apply an MVA in difficult investment conditions – jargon for saying that the cash-in unit value of with-profit bonds and other UWP products may be cut, so savers could get back less than they put in.

Exactly when should MVAs be imposed, though? "An office needs not only to use its MVA appropriately but also to make sure that its policyholders are aware of the use," say O'Neill and Froggatt.

Purchase also is concerned that market practice on MVAs is too vague for policyholders. "This is an area where the actuarial profession should be giving some guidance," he says.

O'Neill and Froggatt say, somewhat surprisingly, that few offices have actually applied MVAs so far. Others suggest that write-downs have been comparatively common, although MVAs may be applied to different types of policy in different ways.

Despite the doubts, however, O'Neill and Froggatt say that UWP contracts potentially are more transparent and open than traditional with-profits plans. Like it or not, UWP is here to stay.

Endowments – your inflexible friend

Insurance companies are slashing payouts to with-profits policyholders. ***Philip Coggan*** *examines why*

THE STOCK market might have had a good year in 1992 but with-profits policyholders could be forgiven for not noticing. A wave of bonus cuts across the sector means that most investors will receive less than those who cashed in policies one year ago.

A survey by *Money Marketing*, conducted with actuary Clay & Partners, found that the average payout on a 10-year endowment policy fell 8.3 per cent from £8,290 to £7,603. Payouts on 25-year endowment policies, the kind often used to repay a mortgage, fell less sharply: 1 per cent, from £37,937 to £37,585. (For the assumptions, see footnotes to the table). Meanwhile, the FT-A All-Share index rose 15 per cent over the year to March 1.

What is the reason for this apparent discrepancy? The prime cause is a malfunction of the "smoothing" process which is one of the main selling points of with-profits policies.

Such policies pay two kinds of bonuses – reversionary (or annual) which are paid every year, and terminal, which are paid at the end of the policy's lifetime. The reversionary bonuses, once paid, cannot be withdrawn. The idea is that the steady build-up of bonuses prevents investors from being hurt by the wild swings of the stock market. Any excess growth can be paid in the form of the terminal bonus.

The system went wrong in 1990 – a bad year for investment returns world-wide. Competitive pressures, and an optimistic view of future returns, caused companies to maintain bonuses at unrealistically high levels. Lower economic growth and interest rates since then have forced companies to take a more sober view.

In effect, those whose policies matured in 1990 and 1991 received an unjustified windfall; present policyholders are paying the price. The conclusion of the survey is that the trend of falling payouts could continue for some years.

That said, insurance companies can point out that those who have maintained their policies until the termination date have received healthy investment returns. The *Money Marketing* survey shows an average annual yield of 11.4 per cent on 10-year policies, and 12.6 per cent over 25 years.

The key requirement, of course, is for investors to maintain their policies until the end of the term. The problem is that many find it difficult to make this commitment. A Securities and Investments Board survey, published late in 1991, showed that 23 per cent of with-profits policies were surrendered in the first two years. Most of those policyholders will have lost a large part of their premiums. The industry attacked the survey's methodology but later admitted that early surrenders were too high.

The *Money Marketing* survey focuses on one aspect of the problem – surrender values after 24 years of a 25-year policy. You might think there would be little difference between the payouts one year apart – and, indeed, there aren't at such companies as Norwich Union and Equitable Life. The table shows that the proportion of final payouts they deliver after 24 years is 92 and 91 per cent respectively.

But this is not so at Royal Insurance, which pays just 50 per cent of the final proceeds after 24 years. On the *Money Marketing* assumptions, this would cost the policyholder almost £18,500. There is an argument that policies should be designed to discourage short-term investors but anyone who has stuck it out for 24 years is hardly a fly-by-nighter.

The good news, at least, is that the industry seems to be recognising the injustice of this and improving late surrender values. The average surrender value after 24 years actually increased 4.5 per cent last year, even though final payouts were falling.

A related issue is the percentage of final payout which consists of the terminal bonus. The higher the percentage, the more risky the policy. The tables thus show payouts with and without this bonus.

Commercial Union comes out ahead, if terminal bonuses are excluded, over both 10 and 25 years (and, indeed, the 15- and 20-year periods as well). If the terminal bonuses are included, then General Accident takes over from Standard Life as the top-paying company over 25 years. Royal London, which is top over 10 years, had not announced its payout by March 1, the end-date for the survey. So, the table could change later this year.

At the other end of the scale, the worst performances have been produced by Guardian Royal Exchange and the Life Association of Scotland. GRE is bottom of the tables over 10 and 25 years; LAS over 15 and 20. The 25-year return from GRE was £29,260 – just two-thirds of the figure achieved by General Accident.

If you invest in a poorly performing unit trust, you can simply move your money elsewhere. But if you are, say, seven years into a GRE policy, your options are much more limited. If you surrender the policy, you will pay heavy penalties. You can keep making payments in the hope either of selling the policy in the second-hand market after a few more years or that GRE's performance improves. Either way, you risk throwing good money after bad.

You could make the policy paid-up (stop paying premiums but leave what you have already invested alone); but this might be difficult if your policy is linked to a mortgage. In short, an endowment policy is an inflexible friend – which makes their mass marketing all the harder to understand.

Money Marketing also reports a worrying tendency for some companies to refuse to supply figures. The main reason for this trend – cited by, for example, Scottish Equitable – is that companies have ceased to market traditional with-profits policies and are concentrating on the unitised version (see Barry Riley's article on this page). As *Money Marketing* comments, if this trend continues, it will be very difficult for advisers and policyholders to monitor their investments. And the natural suspicion is that, away from the glare of publicity, returns will fall rather than rise.

■ *Copies of the survey are available for £3.75 from Ian Paxton at Money Marketing on 071-439 4222.*

TOP TEN ENDOWMENT PAYOUTS
TEN YEARS

Exc terminal bonus	£	Inc term bonus	£
Commercial Union	6,827	Royal London*	8,586
Tunbridge Wells	6,558	Tunbridge Wells	8,507
Clerical Medical	6,348	Equitable Life	8,505
London Life	6,334	Commercial Union	8,364
Scottish Provident	6,263	Norwich Union	8,198
Scottish Mutual	5,252	Clerical Medical	8,125
Norwich Union	6,193	Pearl*	8,047
Sun Life	6,173	Friends Provident	8,033
Legal & General*	6,166	Scottish Provident	8,017
Royal Insurance	6,164	Standard Life	8,006

*Based on a non-smoking male aged 29 at inception paying £35 a month. *Indicates company which declared bonus after March 1 - figures based on last year's announcement.*

TWENTY-FIVE YEARS

Exc terminal bonus	£	Inc term bonus	£
Commercial Union	29,914	General Accident	43,679
Eagle Star	25,409	Standard Life	42,170
Norwich Union	22,738	Commercial Union	41,880
Legal & General*	21,989	Tunbridge Wells	41,858
Royal Insurance	20,755	Royal London*	41,252
Royal London*	20,201	Legal & General*	41,107
Scottish Widows	19,715	Scottish Life	41,064
General Accident	19,242	Friends Provident	41,039
Clerical Medical	18,802	Clerical Medical	40,800
Scottish Provident	18,801	AXA Equity & Law	40,685

*Based on a non-smoking male aged 29 at outset paying £20 a month. *Company declared bonus after March 1 and figures based on last year's announcement.*

SURRENDER/MATURITY VALUE RATIOS

TOP FIVE	%	BOTTOM FIVE	%
Norwich Union	92	Sun Life	75
Equitable Life	91	Friends Provident	74
Scottish Widows	90	Royal London*	73
Scottish Life	89	Pearl*	66
London Life	89	Royal Insurance	50

Source: Money Marketing. Ratios represent percentage of final payout paid after 24 years of 25 year policy.

Three steps to share 'success'

EVERYBODY wants to find the magic formula that produces sure-fire share selections. Given the bewildering gyrations of the market, this is not surprising.

The latest author to outline his theories is Raymond Caley, a broker who has been an active investor for more than 25 years. His book* outlines 6 step-by-step system under which shares are selected only if they meet three criteria. These sound relatively simple.

The first is that shares should be bought only if their price has reached a high for the past 12 months, or longer. It might seem odd to pick a share when it has reached a high, rather than a low. But Caley is looking for evidence that other people, and particularly the investment institutions, have started to see merit in the stock.

The second step is to buy shares where profits are set to break records. Finally, one should look only for shares where the price-earnings ratio is at least 25 per cent below the sector average. So, if the sector p/e is 16, the share's p/e should be no higher than 12. The combined result is to acquire shares in companies with a sound business position, but to avoid paying an inflated price.

Caley then adds two safeguards which apply once you have bought the stock. Investors should sell shares (a) if the price falls back 17.5 per cent or more from the peak price; or (b) if the p/e ratio rises 25 per cent or more than the sector average. These criteria give the investor clear signals which indicate when to take a loss and when to realise a profit.

Although the criteria are fairly straightforward, the difficulty lies in compiling the information on which to base the investment decisions. The *Financial Times* publishes share price highs, for example, but these are compiled for a calendar year (with the exception of the first three months of the year), not on a rolling one-year basis. So, investors must keep their own records to follow Caley's system.

Even more of a problem is that Caley (for quite understandable reasons) focuses on future earnings. So, investors have to rely on brokers' forecasts, derived from whatever source is available (the *Investors Chronicle*, *Earnings Guide*, *Estimate Directory* or newspapers), to assess the second and third criteria: the prospect of record profits and the relative level of the p/e ratio.

Brokers' forecasts often can be wrong – as the shareholders of companies such as Parkfield and Queens Moat Houses can attest. But Caley would argue that if the analysts were wildly wrong in their forecasts, then this might well have been picked up by share traders; thus, the stock would not be trading at a 12-month high.

The third criterion relies on investors choosing shares at a 25 per cent discount to the sector p/e. To help readers, Caley gives his own list of the average p/e's of the sectors. These might provoke some debate among the experts – FT-SE 100 stocks and those with market capitalisations over £100m are, for example, assigned a p/e of 15 while conglomerates are allowed a p/e of 10.

Caley's system has its virtues, though, not the least of which is that it is fairly demanding. It is quite difficult to find stocks where record profits are expected, where the share price has risen over the past 12 months – and where they are still rated on a discount to the sector.

In the book, Caley writes: "For example, the system did not identify any suitable shares in 1989. And in many months of 1990 and 1991, and for much of 1992, there was a dearth of attractive shares suitable for investment. The explanation lies mainly with the fact that the technique unearths recovery shares brought about by a sustained decline in interest rates."

With the UK economy showing signs of recovery, Caley believes "there will be more shares to invest in." He goes on to cite stocks selected by the system in the past, such as Airtours, the best-performing share of 1991. But it is not foolproof: Instem was one pick which had to be sold after a 10 per cent decline.

Keeping the records required to follow the system would be quite time-consuming, which might deter all but the highly-enthusiastic amateur investor. Nevertheless, private investors might find the system useful as a cross-check for their own picks.

If your own selections fail Caley's criteria, you might re-examine your reasons for buying them.

**How to Choose Stockmarket Winners: a Minimum-Risk System for the Private Investor, by Raymond Caley. Published by Judy Piatkus, £8.99. 168pp.*

Philip Coggan

FINANCE AND THE FAMILY

Investment Trusts

Old-fashioned excellence

***Philip Coggan** looks at a Scottish fund that offers an above-average yield*

SECURITIES Trust of Scotland is an old-fashioned international trust and none the worse for it. Founded in 1889, it had an excellent record in the 1980s and still offers private investors an above-average yield – 5.1 per cent – on a diversified portfolio.

This decade inevitably is proving more difficult for STS which, early in the 1980s, committed itself to a policy of income growth at a time when generalist trusts were seeking ways to differentiate themselves in the face of cooiness from the institutional investor sector.

UK companies increased their dividends substantially in the 1980s, and funds such as STS reaped the benefit. But the 1990s' recession has hit companies' dividend-paying ability and this has fed through eventually to the investment trust sector.

In each of the past two years, STS has paid a final dividend that has not been covered fully by its earnings. Trusts build up revenue reserves so they can cope with just this kind of cyclical downturn; and STS says it can maintain its dividend from reserves for another three years even if earnings do not grow from their present level.

It will be a while before shareholders again enjoy the phenomenal dividend growth achieved during the 1980s – the payout quintupled between 1982 and 1992 – but the assets, at least, continue to grow. This week, the trust announced that net assets per share rose 20.5 per cent to 84.5p in the second half of the financial year.

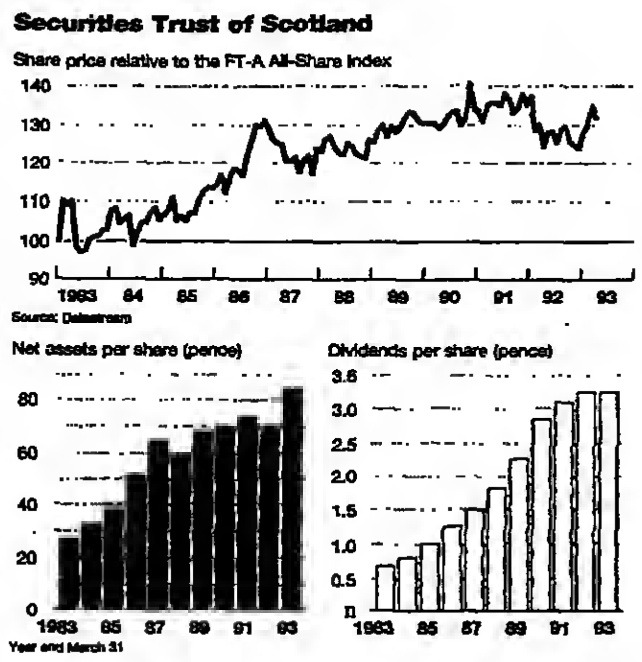
STS is managed by the Edinburgh-based Martin Currie, which assumed responsibility in 1972. Michael Gibson, who has worked for Martin Currie since 1982, is in charge of the management team.

Asset allocation policy is decided by the board following recommendations from Gibson and his number two, Tim Hall. They then supervise its implementation by specialist geographical teams.

The portfolio's geographical split at the end of March was UK (69 per cent), US (15 per cent), Hong Kong (6 per cent) and continental Europe (8 per cent). STS also has a tiny holding in Japan, mainly in warrants, but Gibson says dividends are too low there to meet the trust's income growth criteria.

During 1991 and 1992, STS had heavy holdings of convertibles and high-yielding preference shares because of the difficult economic conditions. By the middle of last year, though, it had begun to switch into lower-yielding equities that can produce above-average dividend growth.

The 10 largest holdings at the end of March were BT, Shell, British Gas, BAT, Allied-Lyons, GEC, Macdonald Martin, Bass, Commercial Union and Hanson. The only non-Footsie stock among these is Macdonald Martin, which produces Glenmorangie whisky.



The performance of STS is a good illustration of how a well-managed international trust can be very profitable for private investors over the long term. The trust is top of the sector over seven years, with growth of 164.1 per cent (mid-market to mid-market with net income re-invested), according to *Finstat*. It is second in the sector over both three and five years.

But the international income sector is very small, so a more relevant statistic is that STS has outperformed substantially both the FT-A All-Share index and the investment trust sector over the past 10 years.

Stephen Magrath, analyst at NatWest Securities, says STS "has not compromised its capital performance by going all out for yield. It is an attractive investment for someone who is conscious of total return – a 5 per cent yield with international exposure looks appealing."

Lewis Aaron, of S.G. Warburg Securities, adds: "In the short term the trust's record has not been outstanding, but over the long term its performance has proved the effectiveness of the high-yield strategy. With its high yield, the trust would probably be a good choice for a personal equity plan."

■ **Key facts**
At the end of March, the trust's net assets were £273m and the gross assets £310m. On April 20, NatWest Securities estimated the nav per share at 83.6p – putting the shares, at 81.5p, in a discount of 2.8 per cent. The yield was 5.1 per cent. Martin Currie's annual management fee was 0.35 per cent.

■ **Board**
Bill Morrison, the chairman, is a former chief executive of Scottish Life. Other directors are David Birrell, senior partner of lawyers Dundas & Wilson; Richard Cole-Hamilton, former chief executive of Clydesdale Bank; Ian Macpherson, chairman of both Watson & Philip and Low & Bonar; Ronald Miller, executive chairman of Dawson International; Alick Rankin, chairman of Scottish & Newcastle; and Michael Kennedy, chief executive of Martin Currie.

■ **Savings scheme and Pep details**
The minimum investment in the savings scheme is £20 a month, or £200 for a lump sum. There are no charges (except stamp duty) for buying but there is a £10 charge for selling. For a Pep, Martin Currie imposes an initial fee of £50, with an annual charge of £60 at £5 a month. Subsequent investments, or withdrawals, cost £20.

Power of attorney can carry risks

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

I AM EMIGRATING to the US soon and, subject to negotiation, I intend to let my house – which I own outright – to my local council for three years under its private sector leasing (PSL) scheme. The council's guide to PSL includes the statement: "If you intend to live outside the United Kingdom, in consultation with your solicitor, you will need to appoint a power of attorney to look after your affairs. The power of attorney will assume all the obligations and responsibilities of the owner while you are away." This will include repairs and rent collection – the quarterly cheque will be sent to the power of attorney to avoid deduction of tax under the Income and Corporation Tax Act 1988.

Will I be liable for tax on the rent I get? What is entailed by having a power of attorney (my sister-in-law has agreed to act in this regard)? If I ask her to pay the rent into an offshore account held jointly by myself and my husband, is this legal? I don't want her to be charged tax on my behalf.

■ If the rent will be your only source of income in the UK after the end of the UK tax year in which you emigrate, then it will be taxed here as though it were the only source of income of a UK-resident married woman, broadly speaking.

Ask your tax office for the free booklet IR20(1992): *Residents and Non-residents: Liability to Tax in the United Kingdom*. The UK's right to tax the rent is preserved by article 6 of the US-UK double taxation convention.

If the rent is paid to your sister-in-law, she will indeed be assessed to UK tax on your behalf (as your agent). She can certainly pay the rent into an offshore bank account, but she will want to be sure that you will always provide her with sufficient money to meet the tax demands on time (as well as money to pay for repairs etc., of course).

Doubtless there is complete mutual trust between your sister-in-law and yourself, but she would be taking responsibility for your obligations and liabilities (regardless of her ability to obtain reimbursement from you), so it is not something which you should ask her to do without cast-iron guarantees that she will not end up out of pocket or in an embarrassing situation.

You might like to suggest that she consult a solicitor before deciding whether to accept the power of attorney which you are offering her (and, no doubt, you will offer to meet the bill for her solicitor's guidance). As a first step, you should talk to your own solicitor, who will be able to give you general guidance on your overall prospective tax position etc, as well as explaining the risks inherent in both granting and accepting a power of attorney.

Refund of tax

MY WIFE inherited a warden-controlled retirement flat from her mother in September 1990. We valued it for probate at £90,000 but the Inland Revenue re-valued it at £95,000 and levied inheritance tax at 40 per cent.

We sold the flat for £82,000 in January 1993 and are claiming a refund of tax on this difference of £12,500. Are we justified in this claim? Irrespective of whether it succeeds, can my wife use this loss of £12,500 to offset gains made on sale of shares etc?

■ We confirm that the inheritance tax legislation enables one, in the calculation of an IHT liability, to substitute the sale proceeds for the probate value if the property is sold at a loss within three years of death. As your mother-in-law died in September 1990 and the property was sold in January 1993, the relief might be available.

A refund of IHT pursuant to this relief depends upon a valid claim being made by "the appropriate person" – in this case, the person liable for the IHT attributable to the property. For example, if the executor of the will was liable for the tax, he must make a claim. IHT on specific bequests of land in the UK is usually borne by the executors unless the will provides otherwise.

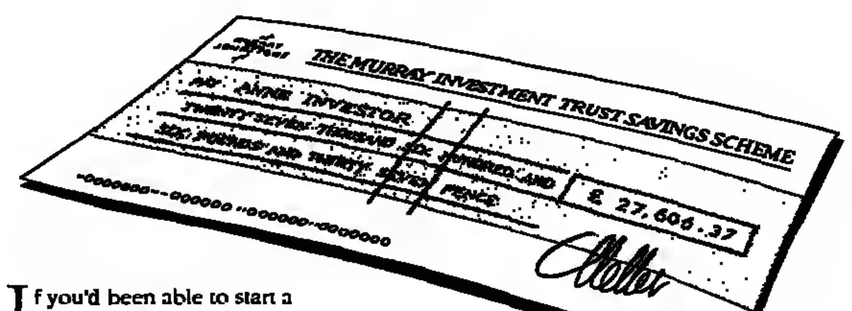
For capital gains tax purposes, your wife's base cost will be the agreed probate value of £95,000. She will be able to use the capital loss of £13,500, together with the indexation allowance thereon, against capital gains realised on a subsequent disposal of capital assets.

This reply was provided by Barry Stillerman of Stoy Hayward.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's						
Co-operative Bank	Pathfinder	0345 252000	Instant	£100	5.84%♦	Mly
Birmingham Midshires BS	First Class	0902 302080	Postal	£500	6.75%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.60%♦	Yly
North of England BS	Edinburgh	091 510 0049	Postal	£25,000	7.50%	Yly
NOTICE A/c's and BONDS						
Northern Rock BS	Postal 30	0500 505000	30 Day	£2,500	7.30%‡	Yly
Scarborough BS	Scarbgh Ninety 3	0723 368155	90 Day	£25,000	7.80%	Yly
Allied Trust Bank	4 Month Notice	071 626 0879	4 Month	£2,001	7.60%	Yly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	9.25%‡	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	7.35%♦	Mly
Britannia BS	Capital Trust	0800 654456	Postal	£5,000	6.55%	Mly
Yorkshire BS	First Class Retn	0800 378836	Postal	£25,000	7.13%§	Mly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	8.88%‡	Mly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	8.00%	Yly
National Counties BS		0372 739702	5 Year	£3,000	7.90%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	7.85%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	6.60%	Yly
				£25,000	7.10%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	7.07%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£25,000	7.30%	Yly
				£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0800 833222	6 Mth ‡	£5,000	6.55%	Yly
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		0279 462839	1 Year	£20,000	5.10%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	5.70%	Yly
Financial Assurance FN		081 367 6000	3 Year	£50,000	6.40%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	6.50%	Yly
Financial Assurance FN		081 367 6000	5 Year	£50,000	6.95%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.34%	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +infn	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. ♦ = Initial deposit of £5,000 or £100 per month required. ♦ = All withdrawals subject to 10 days loss of interest. Rate fixed only until 31.7.93. § = 10% bonus of interest earned pa. providing no capital withdrawals. ‡ = Rate guaranteed until 1.7.93. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.



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Pay master: Peter Brown, chairman of Top Pay Research, which advises companies what to pay their executives

An eye on the big earners

Nicholas Garnett meets a man who makes money from executive pay packets

ARE Britain's directors and senior managers greedy? The Institute of Management thinks many are. It dished out strong criticism in a report this week on recent management pay rises. This was the latest side swipe from those uneasy about the rise of top people's pay and benefits in inverse ratio to the declining performance of the companies they run.

Peter Brown, who has quickly built a successful little company advising on directors' remuneration packages says some of this criticism is justified. But he is keen to tell you what his company does not do.

"We are not called in to act as a bludgeon on the remuneration of company directors. That is not what we do at all." His company, the Top Pay Research Group probably would not get any contracts if it did.

Brown's business methods are somewhat softer and more sophisticated than a mallet.

"We are hired, often by non-executive directors to advise on whether remuneration policies in a particular company are appropriate and suggest alternatives on a range of things if we think that is required. We have never felt it necessary to recommend pay reductions but on a few occasions we suggested a freeze."

In its first year to November 1991, Top Pay Research earned a total fee income of just £21,000 but in the next 16 months to March this year, the company made £130,000. Overheads are low. Brown takes a reasonable salary and the company makes a pre-tax return of 30 per cent.

At 57, Brown is one of a breed of entrepreneurs more common in the US than in Britain. He is chairman of one largish library supply company, and a board member of a non-quoted chemicals company. He set up Top Pay Research as his own business which he runs part time.

"It is much more common in the US for people at the top of large companies to have their own businesses that they run alongside their other roles."

The parallel is not quite exact because Brown joined the library supply company when it purchased a remuneration surveys operation Brown had set up in the 1970s.

Top Pay Research uses a small office in central London. Brown's wife, Rosemary, works as the researcher, there is a tiny secretarial staff and three consultants who visit client companies carrying out assessments. They are paid by Brown on freelance rates of £250 to £400 a day.

"I thought there was a niche for this type of business. We did a lot of research and a lot of marketing to potential clients without at the start getting companies to say yes but many eventually did." The Top Pay Research spends some £6,000 a year on promotion.

Brown's company was given a fillip early on by support from an initiative by the Confederation of British Industry and the Bank of England to encourage the use of non-executive directors and by last year's report by the committee on financial aspects of corporate governance chaired by Sir Adrian Cadbury.

Top Pay Research has worked for about 30 clients, including Smith and Nephew, Welsh Water and National Westminster Bank. The little company accepts contracts ranging from advice on whether it would be out of line with the rest of a particular industry if a chief executive were given a 7 rather than a 5-series BMW, to the level of overall directors pay and the suitability of share option and bonus schemes. This is largely done using remuneration information from businesses in similar sectors.

"In general, companies are happy to give us comparative information on this because they know they will not be mentioned individually in any report and that we do not keep records of this information on computer so they have no fear it will be spun off into a general database. In this business you must have the ability to get people to share information with you."

Individual pieces of work vary from £400 to £8,000 and the company has two retainers, the largest one of £13,000 a year.

Half the company's inquiries come from chief executives and personnel directors, the rest from companies' in-house remuneration committees and their non-executive directors.

"We have to satisfy ourselves that our work will go to someone who will not directly benefit from it. That is the crux." A quarter of inquiries are over pay rates for non-executive directors but the bulk centres on salaries, bonuses, pensions, share options and benefit packages for executive directors.

"There is often genuine uncertainty over remuneration packages. Some companies are concerned that their chief executives might be asking for too much. Sometimes the question is whether a package is structured correctly."

Share options which have gone "under water" – the share price has plummeted – are one fruitful area of Brown's work in which managers seek to reactivate incentives through new bonus systems, including parallel or so-called "phantom" option schemes.

"Share price is not a very objective measure of performance," says Brown, who is critical of over-dependence on this as a gauge for directors' bonuses. Incentives should be tied more to use of assets, accumulated profits and market share, he argues.

Meshing two pay cultures when companies merge is another source of contracts. Brown acknowledges that when it comes to pay this "meshing" is always upwards.

Outside consultants on remuneration play an important role, Brown says. "There must be harmony on company boards and one of the easiest ways of damaging that is to question each other's remuneration direct."

Brown says Top Pay Research's target is an annual fee income of £700,000 within another four years from about 100 clients. If that happens it will come from using the knowledge of which side his bread is buttered.

"You are not going to tell your clients what they don't want to know. What is the point of telling them to cut pay if that will not work. We give practical not other-worldly advice."

■ *Top Pay Research Group, Upper Ground Floor, 9 Savoy Street, London WC2R 0BA. Tel 071-836-5831.*

As They Say in Europe

Rough ride for le style

Is the EBRD a victim of British philistinism? asks James Morgan

THE EUROPEAN Bank for Reconstruction and Development is starting its annual meeting in London amid some controversy about alleged over-spending. The recriminations have annoyed French staff members, who see local reaction as typical philistinism. Thus, Pierre Pissaloux, the budget director, told *Le Monde*: "The characteristics of modernity and elegance are not to be found among British attitudes."

How right he is. I had been struck by the same thought at the end of our summer holiday last year when we visited the early-Gothic cathedral at Coutances, in Normandy. It is not as stylish as Chartres, nor as awesome as Amiens, but it is a fine place with a magnificent organ (which was in use to prepare for a recital).

We emerged with the early-evening sun dappling the plane trees in the cathedral square. Through the fine-spun tracery of the leaves, we could pick out easily the two sets of heavy-duty electricity cable, hugging the boughs like honeysuckle, leaping from trunk to trunk. Every now and again, echoing almost perfectly the grey of the stone and the form of the windows of the nave, a loudspeaker was lashed to a tree. From these, the last notes of the toccata ringing in our ears, we heard the final phrase of an announcement on a local radio station of the huge savings available on certain items if one were shrewd enough to buy them now from Prisunic.

That was succeeded by a ballad from a heavy metal group, the members of which were so aroused by the sight of a certain maiden that they could not desist from repeating forcefully their innermost desires.

My wife observed that such a striking counterpoint of sacred and secular could not have occurred at Winchester or Wells, and I replied: "Ah yes, if only we shared the modern and elegant attitude of the French."

It is probably the £750,000 marble wall at the EBRD that has attracted most comment. This wall is rough at one end and becomes smoother gradually, to achieve perfection at the other. The intention is to symbolise the transition of the bank's clients from rough-hewn post-communism to the seamless web of affluence that characterises western society today. The bank's boss Jacques Attali admitted that this "might have been done differently". But Pissaloux said to *Le Monde*: "It might shock, seem bizarre, and it might not have been done, but it was necessary to create a unity of style."

That struck another chord. When I was central Europe correspondent a decade ago, I visited a couple of dissidents, whom I shall call Peter and Anna, in Prague. He had just made his almost-daily visit to the central police station. A year before, he had emerged from nine years' incarceration in an unheated north Moravian castle where he had been beaten periodically by someone the communists employed to convince dissidents of the error of their ways.

I recall sitting in the cramped kitchen-cum-living room as Peter talked of his vision of Czechoslovak socialism and how far it was from the reality. In my ensuing account of our evening, I failed to convey what Pissaloux would call the "disunity of style" – none of the furniture matched. The sheer "roughness" of the occasion was marked by Peter's signal that it was at an end: "I wish to be alone with my family now."

To return, however, to the original problem – the British shortage of elegant modernity. This is a reflection of a national concept of style which was illustrated brilliantly recently when a bloke in his dad's bowler hat tried to flag down 30 stampeding horses with a short stick, around which was a tightly-furled red flag.

It was called the Grand National, and the British thought it proved to the world just what was wrong with Britain. The fiasco was, it was alleged, noted around the globe. This is nonsense: outside the UK, it made little impact. Even in Slovakia.

I mention that because the occasion was graced by a heavy Slovak nag, Quirinus, priced at 250-1, on which I had a couple of quid each way because it had won the Velka Pardubicka, a race which makes the Grand National look like a village gymkhana. Only one Slovak paper carried an extensive report of the shambles. But it struck an original note in that it blamed the jockeys for what had gone wrong. On closer reading, it emerged that these unsophisticated central Europeans had misunderstood the nature of the Jockey Club, which runs British racing.

The west has clearly underestimated how far the benighted peoples of the former communist world have yet to evolve. They do not understand that the Jockey Club is a club from which jockeys are barred. And they believe that a bank exists for the benefit of its customers.

■ *James Morgan is economics correspondent of the BBC World Service.*

Silenced by syringes

■ Continued from page I

Some of the men cry out in pain as the insulin enters their systems. Psychiatrist Nikolai Izyumov explains, matter-of-factly, that since none of the men is diabetic, the insulin causes them to go into shock before lapsing into a coma. The men also become hypoglycemic – that is, having an abnormally low level of glucose in the blood – because of the treatment.

As he is speaking, a stone-faced nurse and orderly come into the room and untie a patient named Slava. Wordlessly, they lift him up, prop him up against the headboard and hand him a bowl of gruel and a small slice of bread. Their movements are automatic; they seem to have lifted hundreds like this. Task completed, they leave the room as silently as they entered.

Slava dips the bread into the thin, white gruel. Angry, red welts cover his tremulous wrist. Asked about them, Oleg Papstuyev, the hospital's director, replies: "They simply tied him up incorrectly. Unfortunately, we do not have any other method to prevent the condition of agitation which may occur during this treatment. The agitation may be so extreme, so violent, that it would be impossible to hold patients down, simply impossible. They thrash about and try to run away, but their thinking at this moment isn't completely clear. They do not know what they are doing. Therefore, we tie them down."

Such ignorance of modern techniques for treating mental illness is a formidable obstacle to change. Gluzman says claims of recovery are a "fraud" because mental health care professionals have not been trained properly. Electroshock therapy – known as electro-convulsive therapy (ECT) – is administered without anaesthetic, which is unsafe and inhumane. And while sulfazine has been banned in Ukraine, it is still legal and used widely in Russia. A survey of 568 psychiatrists in Ukraine revealed that 90 per cent believe it possible to treat psychosis with hypnosis, while 16 per cent think lobotomy is acceptable.

In spite of the efforts of reformers, many of those who run psychiatric hospitals now were responsible, either directly or indirectly, for abuses under the communist regime. Few show signs of remorse or a willingness to adapt to new circumstances. "They have neither honour nor conscience," says Stepanchuk. There is, too, a resistance to changes, particularly those which threaten to impose limits on their autonomy.

Aleksandr Kucherov, director of Hospital No. 14, says: "Our psychiatry has been overly humanised and we are now reaping the fruits of this. There are a lot people who need treatment, but a psychiatrist is limited now. In the old days, you could have forced such a person to get treatment and this would have served the patient, the family and society, but now this has changed."

Although the new laws protect people from arbitrary incarceration, anyone still can be subjected to a psychiatric examination. "Informing still takes place today," says Mikhail Raboklyach, vice-president of the Association of Ukrainian Psychiatrists. "On certain occasions, one must report that a person may be mentally ill. If someone at work, let us say, notices some deviations in your behaviour, he is supposed to report it to his superior, who is required to inform a psychiatrist, in writing, who is then supposed to come and examine you."

On February 7 1992, President Boris Yeltsin declared that Russia had closed a dark chapter in its history by freeing the "last political prisoners" from the notorious Perm-35 camp in the Urals. But no one knows just how many healthy people, or those committed wrongfully, remain behind the walls of psychiatric hospitals. Yuri Savenko, president of the Independent Russian Psychiatric Association, says: "Only the former KGB knows the exact number. This is a very serious problem which has not been resolved to this day."

Unearthing all the abuses of the past, and making reparation, will be an arduous task. But allaying the fear and mistrust of psychiatric hospitals which remains rooted deeply in the national psyche could prove to be the most daunting challenge. Andrei, a fifth-year law student who is a voluntary patient in a Moscow psychiatric hospital, admitted that going there was a decision with which he wrestled for more than a year. "Everyone is afraid of ending up in a psychiatric hospital," he said, adding: "Some people say it is better to die than to become mentally ill."

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FOOD AND DRINK

Hold fire on the 1992 claret vintage

Well-made '92s should be good from '96 onwards, says ***Edmund Penning-Rowsell***

FOR the second year in succession, the 1992 red Bordeaux was dismissed before the grapes were picked. As Peter Sichel, of Angludet and Palmer, says in his annual vintage and market report: "It provided the wettest summer for at least 50 years with the fewest hours of sunshine since 1980. But those properties that had sprayed regularly, cut off a large proportion of grapes in July, and selected severely, produced good Merlot and at least healthy if not very ripe Cabernet."

Aided by new concentration techniques, a vintage that would have been declared a disaster 30 years ago will yield a fair proportion of drinkable wines from a record crop of 6.03 million hl. Generally they are superior to the frost-devastated 1991's.

The dry white wines, picked before the September rains, are generally excellent when not over-oaked, but the sweet types had little success as the bad weather continued in the autumn.

The Union des Grands Crus, which represents 120 classed growths and others with international market potentialities, has just held a three-day tasting of the new wines. The first-growths are not members or do not show their wines at these tastings, and this applies to several of the leading second-growths. However, I was able to taste all these in their cellars, with the exception of Léoville Las-Cases that had yet to offer them.

I have included those sampled in the district lists below. It must be said that many of the wines were difficult to taste, as they had not settled after the *assemblage* (the blend of each château's grape varieties to provide the best balance).

Others needed racking (taking the wine off the lees and into fresh barrels), or may have already only just done so. However the union's tastings provided wine writers with a controlled opportunity to compare the wines before the opening prices appear. Thanks to Latour I was able to visit all the first-growths except Ausone and Petrus, which only offers its wines through the associated merchant house of J-P Moueix. The wines of those firsts which also own other châteaux, and which I tasted and picked out, are included in the district lists below. The growths that appealed to me, with my particular preferences, are starred (*). The number tasted in each area are noted.

The tastings started with Pomerols and St Emilions, continued with the southern and northern Medocs; then the Graves and finally the Barsacs and Sauternes. In general I found the Merlot-dominated Pomerols and St. Emilions more fruity and better structured than some of the Medocs, especially in the southern communes, and too many were over-oaked to mask their limitations. But variability is the keynote word to describe the 1992 vintage.

Pomerol (10) Beauregard*, La Cabanne, La Conseillante, La Croix de Gay, Gazin*, Petit Village*.

St Emilion (16) Angélus*, Balestard la Tonnelle, Clos Fourtet, Larcis Ducasse, Larmande*, Pavie, Troplong Mondot*, Villemaurine.

Southern Médoc (28). Moulis – Chass-Spleen, Poujeaux. Listrac – Clarke*. Haut-Médoc – Cantemerle*. Margaux – Angludet, Durfort Vivens, Malescot, Pavillon Rouge de Ch Margaux, Rausan-Ségla* (I confess to being disappointed with my usually favoured Palmer, but these are early days).

Northern Médocs (28) St Julien – Ducru-Beaucaillou*, Gruaud Larose *, Langoa-Barton Léoville Barton*, Pauillac – Grand-Puy-Ducasse, Grand Puy Lacoste*, Lynch-Bages*, Pichon Baron, Pichon Lalande*. St Estepha – Cos Labory, Montrose*, Ormes de Pez.

Red Graves (17) Pessac-Léognan – Carbonnieux, Domaine de Chevalier, Haut-Berger, Malartique Lagravière, La Mission-Haut-Brion, Pape Clement*. White Graves (13) Pessac-Léognan – Carbonnieux*, Domaine de Chevalier*, Larrivet-Haut-Brion*, Malartic Lagravière, Olivier, Smith-Haut-Lafitte.

Portets (2) – Raboul.

Barsac/Sauternes (16). Barsac – Doisy-Védrines*, Nairac. Santernes – Lafaurie-Peyrguey – Rieussec.

A number of union members did not show their wines, notably Evangile in Pomerol.

First growths (6). All save Cheval-Blanc also showed their 1991, and I attach my notes. In the order tasted in their cellars: *Mouton-Rothchild* – deep colour, very closed on nose and palate; very hard to taste at present, a bit short ('91 distinguished bouquet, tannic but good balance of fruit).

Lafite – deep colour, elegant nose, very closed but not much body evident; light but good style ('91 full colour, elegant, fine nose. Oaky on taste but should develop good balance.)

Latour – huge colour, velvety taste and plenty of body, long in the month ('91 less body and fruit than '92, fairly oaky, typical Pauillac).

Margaux – big colour closed nose, good flavour but hard to taste, somewhat short at present ('91 – fine colour, good aroma, a claret of real class, comparatively long).

Haut-Brion excellent colour, closed nose, light on taste, but sweet and surprisingly fruity for the year ('91 – more tannic in '92, more body. should develop well).

Cheval Blanc – lovely blackcurrant bouquet, rich flavour, long, typical of this near Pomerol wine, and my favourite, followed by Latour and Haut-Brion.

Early indications are that *en primeur* prices will be well down for the first growths, at the level of the 1987's – once despised, now sought after for current drinking. First-growth collectors apart, there is no good reason for claret amateurs to buy the 1992's before they are in bottle in two years' time.

Those made well should make good drinking from 1996 onwards. Available cash will be better spent in acquiring '88's, 89's and 90's, said to lie in considerable quantities in the Médoc, less in the Graves, but not in St Emilion and Pomerol. What Bordeaux needs is a small but fine, highly saleable 1993, but we will have to wait another five or six months to find out if this will turn up.

Cookery / **Philippa Davenport**

Just perfect partners

Why duck needs a contrast

DINING BY candlelight is a common enough experience – but harvesting one's supper by torchlight is different. I have done it only once, on an East Anglian farm, or to be more precise a vast hangar of a shed standing on an island of concrete slabs set in a Constable landscape.*

Blanched chicory needs to be deprived of light. The traditional way is to cover it with straw or forcing pots as it pushes its way through the soil. The modern factory farm solution is to grow chicory in the darkness of a computer-controlled hydroponic shed.

It was eerie to see the chicons in the beam of a torch as they lay, ghostly pale and shoulder to shoulder, in their hunk-like beds. These were, in fact, shelves stretching the length of the shed through which nutrient-bearing waters were pumped.

In fact we could have made the inspection hlindfolded. Growing progress can be gauged largely hy sound, apparently. As the plants grow their little rootlets gradually form a thicker and thicker mat through which the watar flows, and the sound of running water changes accordingly.

Chicory grown this way lacks some of the hitterness traditionally associated with this vegetable, hitterness which is fundamental to its character and is part of its charm for some. This chicory was hlander and fatter. Eaten within a couple of hours of picking it was juicy and supremely crisp.

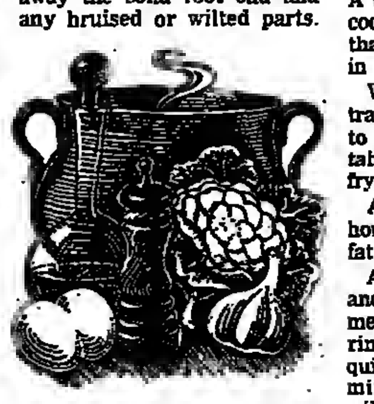
DUCK WITH CHICORY, HONEY AND LIME
(serves 2)

The chicory follows the duck into the pan in this recipe, so the leaves are deliciously anointed with duck fat and pick up meaty sediment. Maybe my servings of chicory are a little generous.

There might be enough for four if you wanted to serve the dish for a party, hut in that case the chicory would be reduced to the role of a garnish rather than served as vegetable proper. Chicory cooked in this way also goes well with grilled pork chops.

For two people, you will need 10 to 12 oz of duck hreast fillet, either one large magret cut diagonally in half to make two portions, or two hreasts from a smaller hird.

As for the chicory, I suggest 10 oz prepared weight. Buy more to allow for trimming away the solid root end and any hruised or wilted parts.



Separate each chicon into individual leaves, in so far as you can. The centres are too tightly furled to pull apart with your fingers, so slice them thinly.

You will also need: 1 teaspoon of finely chopped ginger root, 1 tahlespoon of freshly squeezed lime juice, a sprig of mint, and a scant 2 teaspoons runny honey. (Stand the jar in a bowl of hot water so it will be easy to measure when you want it.)

Heat a heavy frying or sauté pan and fry the duck gently. Cook it skin side down most of the time to render the fat and to avoid toughening the flesh. A total of 10-12 minutes gentle cooking should produce meat that is tender and faintly pink in the centre.

When done to your liking, transfer the duck to a low oven to rest and pour off all but 1 tablespoon of fat (save it for frying croutons or potatoes).

Away from the heat, stir the honey and lime juice into the fat remaining in the pan.

Add the ginger and chicory and quickly place the pan over medium-low heat. Cook, stirring and turning the leaves quite frequently, for about five minutes until thoroughly wilted and lightly caramelised.

Carve the duck into slices and lay it on the chicory with its juices poured over. Scatter with torn mint leaves and serve with steamed basmati rice.

**Tuddenham Hall Foods, Tuddenham, Ipswich 1P6 9DD.*

Eating out in Venice

It needn't be so pricy

Giles MacDonogh *recommends where to eat in La Serenissima*

VENICE IS an expensive city. This is not *just* because over the centuries they have *gained an unsurpassed experience* in the art of fleecing foreigners, it is also expensive for Venetians.

Everything has to be transported hy boat, which means that transport costs often exceed the value of the object itself. There is no storage space *as there are no cellars.* This does not mean that Venetians are justified in robbing everyone who visits their city, hut there are mitigating circumstances.

It is still possible to spend a week in Venice without taking out a second mortgage. I have seen little *trattorie* in Cannaregio, behind the railway station, which serve menus for as little as L14,000 (£6), although *I cannot imagine that the food* is anything to write home about, and they certainly will not stay open late.

Food is simple. Gone are the days when Venice was noted for elaborate displays of culinary theatre which pleased the Doges. Now the emphasis is on fresh fish and seafood with a few stock dishes such as *fegato alla Veneziana*, calves' liver on a bed of onions sweated in oil, served with the ineluctable hunk of polenta.

If you are on a tight budget, one solution is pizza. Pizzas are *not typically Venetian*, hut there are plenty of restaurants in the city which offer them because they appeal to tourists of slender means. One reasonable pizza place is the Trattoria Pizzeria due Colonne in San Polo which has a list of about 30 including one topped with different cuts of horse meat. With a jug of the thin house wine you may get away with under £10.

Another recommendation for a cheap, light meal is Vino Vino in San Marco, a bar near the Fenice with a stunning wine list. A plate of pasta followed hy some *polpette* (meat balls) can be had for as little as L14,000. Expect to pay much more if you stray away from the house wine.

They say that Vino Vino stays open till 1 am. In my experience they remain open until the particularly graceless waiter decides he wants to go home. Venice has a largely retired population and they go to bed early. One solution for princes of darkness is Haig's Bar hy Santa Maria del Giglio in San Marco. By night it fills up with all Venice's more elegant insomniacs.

If you desire more authentically Venetian food at reasonable prices, the Taverna San Trovaso is popular both with locals and better-heeled tourists. They appear more gracious here than in some places. *The food is stock Venetian* which does not mean desperately exciting: spaghetti with cuttle fish; fritto misto, a *collection of shrimps, Dublin* Bay prawns and squid rings in batter, for example. With a large jug of Sanvignon blanc it comes to about £20 a head.

Similar, but even more popular with locals, is Trattoria della Madonna near the Rialto hridge. The style here is brash, cheeky and sometimes downright unco-operative. But, at around £25 a head, it is hardly expensive hy London standards. *Fresh fish is the thing* here: ivory-white *cignle di mare* (literally sea grasshoppers – they look a little like Dublin Bay prawns and come from the Adriatic); spider crah; castraure, baby artichokes; which fish soup, which is a meal in itself; and cuttle fish or calves' liver with polenta. It is a busy, pretty restaurant with white walls and exposed beams.

Rather more up-market is La Corte Sconta (the hidden courtyard) in Castello by the Arsenal. It is important to book. A jolly, red-headed woman speaking idiomatically fluent English tells you what to eat: "I will send you some *mixed antipasti and a turbot.* You won't need the pasta course."

She was right. A carpaccio of salmon in Tuscan olive oil came with pots of buttery spider crab mousse; next came vongolex clams; a spider crab dressed with oil and lemon to *its shell* a plate of octopus, winkles, squid and shrimps, two sorts of anchovies and stuffed mussels; two sorts of polenta one with *baccala* (an emulsion of dried cod) the other with sardines with onions and pine nuts; *then* came the turbot. A still *prosecco* is put on your table, but there is also an extensive wine list. About £35 to £40 a head.

For your last night in Venice you cannot do much better than the terrace at the Danieli. The view is stunning. Taking in with one broad sweep the domes of the Salute, San Giorgio Maggiore and the Zitelle as well as the Lido.

The food is no disappointment either: a marinated sea bass with onions was surprisingly effective; mixed antipasti came with *cigole di mare*, prawns, octopus, spider crab and mussels; then a superb risotto with scampi and rocket.

The main course was a John Dory with a sauce of finely chopped herbs, tomatoes and gherkins. The Daniel is expensive – *even by London standards:* about £60 a head.

■ Information: Trattoria due Colonne (041) 5240685); Taverna San Trovaso (041) 5203703; Trattoria della Madonna (041) 5223824; La Corte Sconta (041) 5227024; Hotel Danieli (041) 5226480.

Bookshelf / **A C Grayling**

A meaty encounter

WHY NOT eat meat? None of the stuff has passed my lips for years, yet the aroma of roast beef still charms, as does the memory of bacon crisped on a primus stove. But three different vegetarian arguments persuade me, each convincing enough on its own but together overwhelming: arguments which respectively conclude that meat eating is cruel, unhealthy, and uneconomic.

It is uneconomic because ten acres of land can feed 24 people if planted with wheat, hut only two people if applied to cattle grazing. And rainforests are being cleared at a frightening rate to make room for beef cattle to supply hamburger chains.

It is unhealthy because meat is full of saturated fat. Meat is decaying animal matter.

It is cruel not merely hecause farming techniques and slaughterhouses make it so, hut because killing a sentient creature as a matter not of need hut of taste is morally repugnant. (How many of us could slit a cow's throat ourselves?).

A newspaper report tells of a common practice among British farmers. A type of lowland sheep has been selectively bred for two characteristics: smallness, so that it eats less; and a genetic inclination to have twins or triplets. But when a ewe has a single lamb, the lamb is too big to be born. So its front limbs are amputated in the womb to protect the ewe. Before this year's lambing season is over 50,000 lambs will have died this way.

Colin Spencer's handsomely comprehensive history of vegetarianism (*The Heretic's Feast* Fourth Estate, £20, 402 pages) shows that from the earliest times one or other of these reasons has persuaded many to forgo meat. But other reasons have prevailed too, chiefly religious ones.

In a continuing tradition from antiquity to the present there have been significant minorities of people who shared similar views. Ovid was disgusted hy animal slaughter; Plutarch was a vegetarian, as was Leonardo da Vinci.

England's most carnivorous hour was reached in the 18th century, and descriptions of the way animals were then treated reads like a horror story.

Pigs, calves and poultry were whipped to death to tenderise the flesh. Geese were nailed to the floor to fatten.

Sheep were killed hy slow hleeding to improve the eating quality of their meat. "I know nothing more shocking or horrid," wrote Alexander Pope, "than the prospect of kitchens covered with hlood and filled with the cries of creatures expiring in tortures."

Wartime rationing in the 1940s improved the nation's health because of a shift of emphasis from meat to vegetables and grains. It is an oddity that so few set this fact against the reeking floor of the slaughterhouse, and draw the obvious conclusion.

Looking at history from a seat at its dinner table is fascinating; one sees aspects of it quite absent from the sober-sided chronicles of kings and battles which usually march us through the ages.

Spencer's book tells a fascinating story, and tells it well. It will move honest readers to ponder carefully what lies on the next dinner plate they encounter.

HOW TO SPEND IT

Caviar and cashmere

***Lucia van der Post** finds some real bargains at duty-free shops*

HOW LONG is it since you last bought sometbing otber than the odd bottle of booze and some spare film at an airport duty-free shop?

If, like me, you arrive with minutes to spare, suitcases packed to the brim and memories of hearing about shams and rip-offs you probably do oot even think about it. If you are one of the canny ones who has sussed out that times have changed at airport shops, that duty-free these days really does mean that then no doubt you shop there all the time.

Certainly enough people visit duty-free outlets to have sent BAA figures soaring – five years ago retailing brought in £299m, last year it had risen 60 per cent to £480m. Those who supposed that the proper business of airports was aviation will be intrigued to learn that retailing now accounts for 32 per cent of total revenue.

A combination of falling revenue from landing fees and rising investmeot costs meant that increased revenue had to he fouod. Gingering up the duty-free operation seemed an obvious way forward.

Unscrupulous pricing, which lead to an embarrassing number of features in the national press, had eroded the confidence of the travelling-classes in "airside" shopping. Today, much of this has changed. The airport shops between tbem sell more caviar than the rest of the UK put together. Many retailers do between £4,000 and £5,000 in turnover per sq ft each year when the average in the UK is nearer £400 – in other words, they do 10 times more business than their High Street rivals. Some, like the Swatch shop in Terminal 4, do even better. It did £6,500 per sq ft in its first year, 15 per cent more than the UK average.

The revival started two years ago when Barry Gibson arrived to take over as group retail director of BAA. Confidence had to be restored. He started with what he called his "Value Guarantee Campaign", which guarantees that in the "land-side" airport shops prices are no higher than they are in UK towns and cities and that in the "air-side" shops the prices really are free of duty and tax.

The result is that today you can be sure of finding most alcohol at half the price it is in the High Street, tobacco is 40 per cent less, perfumes 21 per cent, and almost everything else from scarves and ties to shoes, watches, cashmere sweaters and gadgetry, 17½ per cent cheaper.

Perceived notions, however, take a long time to die, and many travellers believe it is cheaper to buy in Schipol or Frankfurt airports. Barry Gibson is adamant that for most things it is hard to beat the prices in BAA shops. He points out that in some continental countries, Denmark and Germany, for instance, VAT is still charged in duty-free shops.

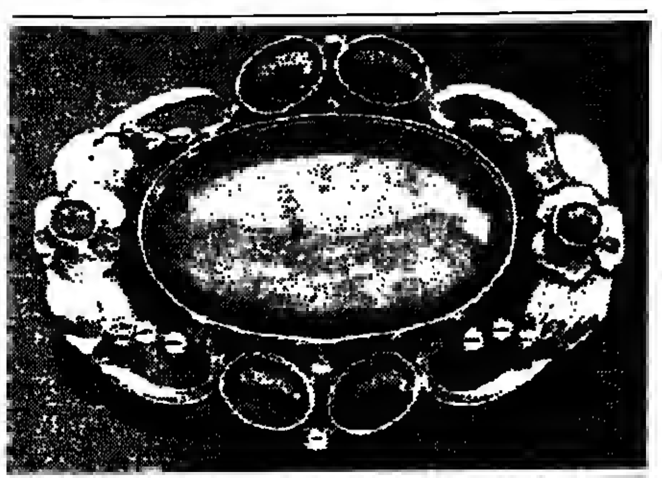
A straw poll revealed that his claims held up well. A litre bottle of Bells whisky sells for £8.30 in BAA duty-free shops, the equivalent of £8.82 in European duty-free shops (calculated by using an average of prices in Frankfurt, Amsterdam and Copenhagen) and £16.61 in the High Street. A litre of Johnnie Walker's Red label was marginally more expensive in BAA shops (£9.95) than in Europe (£9.30) hut in both places it was a great deal cheaper than in the High Street where it sells for nearly double at £19.90.

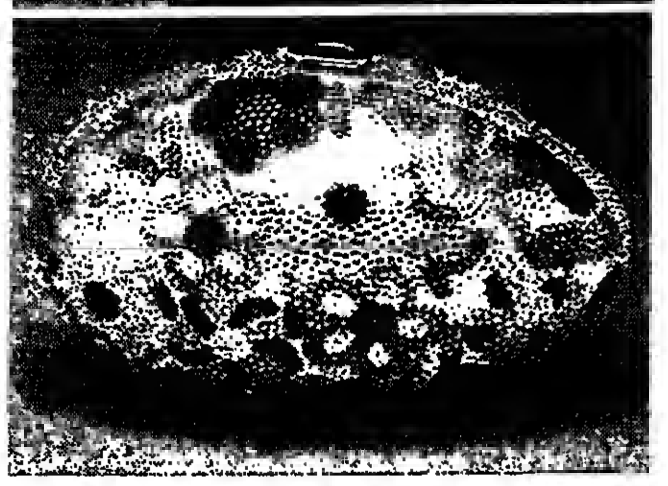
An Hermès scarf is £129 in Hermès town and city shops, £127 in Europe and £110 in BAA duty-free shops. On the perfume front, Guerlain's Samsara and Dior's Poison were both cheaper in BAA's duty-frees than anywhere else hut unaccountably Chanel No. 5 turned out to cost slightly more (£36.30 in BAA shops as opposed to £34.26 in Europe and £46 in the High Street).

So the prices are good hut is there anything you actually want? You are not going to find cute little hand-made items, one-off pieces of art or quirky presents – wbat you will find is classic items that cost you less than they would back home. Many well-known retailers have an outlet somewhere in Terminal 3 or 4 – Harrods and Burberry, Austin Reed and Hamley's, Mappin & Webb and Georg Jensen, Ferragamo and Gucci, Cartier and Jaeger – so the label-loving brigade are well catered-for.

If you oeed a good watch, hanker for, say, a Cartier three-gold ring, want a CD player or a camera, need a shirt or a classic pair of shoes, then, if price matters to you, it may well be worth your while to do some research before you travel. Try on shoes in a Bally shop, suss out what Jaeger has to offer, work out which colour cashmere sweater would freshen up your wardrobe, check out watches and decide which is the one for you.

There remains the vexed question of duty. Foreigners heading home will need to check on their own customs regulations. UK residents should probably not buy their £20,000 Rolex if they are on the way to Hong Kong – it will have to be declared on the way hack and the duty paid. But, if, for instance, you are going anywhere in Europe, now that barriers are down, you can buy in the duty-free and do not have to declare anything on your way back in.





PHOTOGRAPHED here is small selection of the sort of things you could buy from duty-free shops at Heathrow with the "land-side" and "air-side" prices attached for comparison.

Far left, top: a hand-crafted sterling silver brooch set with amber and green agate, designed by Georg Jensen in 1904 and in production ever since. £721.70 at Terminal 4, £848 from the shop at 15b New Bond Street, London W1.

Far left, bottom: a glittery evening handbag, set with brilliantly-coloured Austrian rhinestones is one of a selection of Judith Leiber handbags sold at Mappin & Webb at Terminals 3 and 4. This particular version is £2,510 in the terminals and £2,950 at Mappin & Webb in Regent Street, London W1.

Above: cashmere sweater by Barrie, typical of the wide range on sale duty-free at Harrods and The Scotch House, on Terminals 3 and 4. In-store price, £89, duty-free £73.45.

Top left: fine, silk scarf by Ferragamo, £95.50, Terminal 4, £112 in the shop at Ferragamo, 24 Old Bond Street, London W1. Below left: Burberry water-resistant watch, gold-plated with a sapphire crystal glass, £276 at the duty-free in Terminal 3, £325 at Burberry stores.

A serious frame-up

THE apogee of tbe Royal Academy's Year is, of course, the Summer Exhibition (this year starting on June 6 and running until August 15) with the *vernissage* a must for assiduous pursuers of the society round. But there are lots of other reasons for visiting tbe RA, not least one of its best-kept secrets – a framing shop tucked away near the hack entrance in what looks like an old mews or stable.

Now that every museum or gallery bas cottoned on to the fact that there is money to be made out of ancillary commercial enterprises many are branching into new fields. But for The Royal Academy, the framing shop is no hright new venture, rather a well-estahlished service that in its present form has been going for eight years hut under previous ownership was started something like 40 years ago.

It bas long heen known among the many artists exhibiting at the RA and many London dealers, such as Agnews and the New Grafton Gallery, use it all the time. The pity is that it is so little-known by the public.

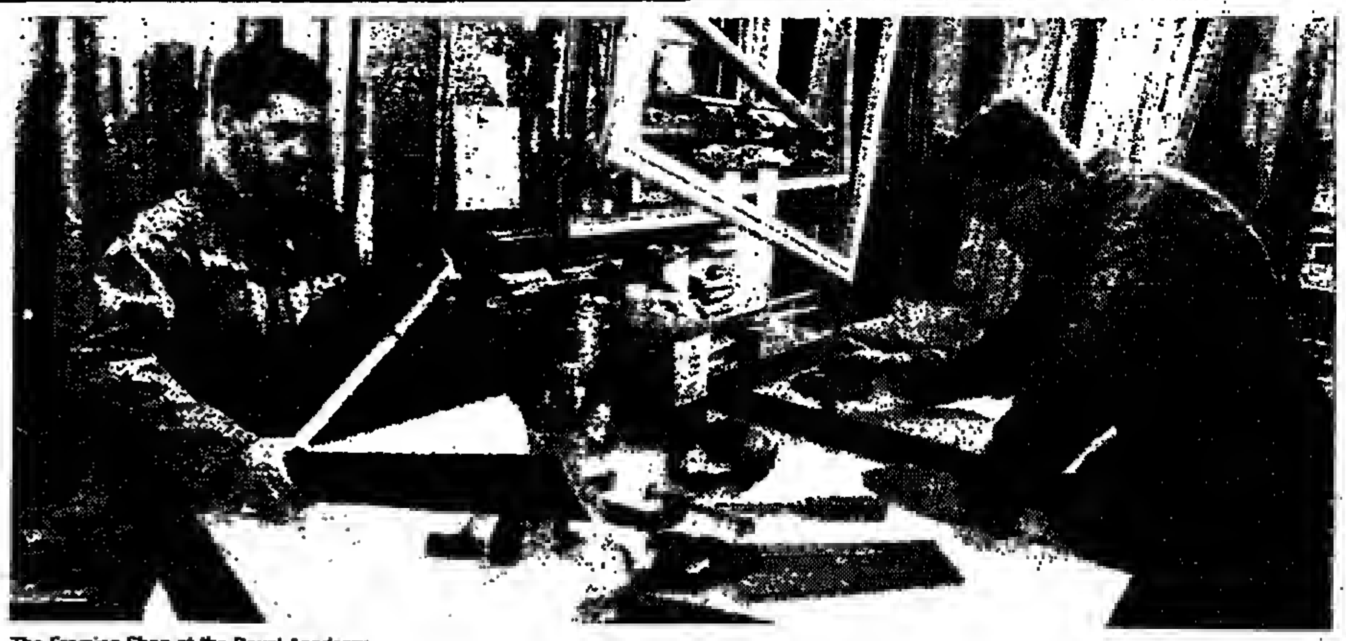
The shop is run hy David Nelson and Edith Rohertson and tucked away in the warren-like series of rooms is a specialist team of craftsmen and gilders. Piled bigh with frames, mounts and pictures it has the air of a husy, old-fashioned atelier, occupied hy serious and skilled craftsmen specialising in quality work. It is not the place to go for a cheap-jack solution to framing a poster – more the place to go for expert advice, for quality frames, for conservation advice and treatments.

This means it is hy no means the cheapest place to get your pictures framed – quality mounts and materials do not come cut-price. Conservation is high on the agenda and all the materials used help to ensure that works are properly protected from ultra-violet light, humidity, insects and air pollutants. The cboice of frames is vast – everything from simple wood and metal to ornate hand-gilded numbers.

Besides framing, the workshop will also restore, clean and repair pictures or frames. It is a friendly place which anybody going to an exhibition might like to look into just in case they need a hetter class of frame.

The Framing Shop's entrance is in Burlington Gardens, next to the Museum of Mankind. Otherwise use the RA's main entrance in Piccadilly.

Lucia van der Post



The Framing Shop at the Royal Academy

The Kenyan art of bribery

***Rex Winsbury** tells the chilling tale of how he imported an ice-cream machine to make his wife feel at home in Africa*

I LEARNT my lesson about how to do husiness in Kenya on the day, some four months after I had arrived there as an ex-pat manager, that my wife and two children flew in to Kenyatta Airport to join me. When my wife resigned from her joh in Londoo, her colleagues threw a party and gave her, as a leaving present, a small ice-cream maker.

My wife rang from London and said: "You don't mind if I ship out my leaving present, do you, by air freight?" – at my expense of course. I could hardly say no. I did not even know what the present was, but the principle was important. She had been douhtful about coming out to Keoya, leaving her joh and frieods in Loodon, and I did not want to imperil the fragile understanding at the last moment.

So I said "yes" and, the afternooo before they were due to arrive off a KLM flight at Kenyatta Airport, I had a telephone call from our clearing agent at the airport to say that a package had arrived for me, and I had better go to the freight terminal to get it.

Innoceotly, I decided to collect my wife and children first, and then stop to pick up the goods. They were due at 7 am the next morning, and it sounded a logical plan. So much for western logic.

Their arrival was uneventful. As we left the passenger terminal I said proudly, as if to confirm their welcome: "And what's more, your packet has arrived, what is it?"

"An ice-cream maker."

I still did not sense trouhle. No one had warned me about the freight terminal. We drove to a large building on the airport perimeter. I parked the ageing company Range Rover and with an innocent: "See you in a few minutes," went to find Hassan, the clearing agent.

Or rather, he found me. He had heen waiting, and knew the vehicle of old. He took me into a dingy side office and said: "You are late."

He led me into a huge aircraft-hangar-like depot with an ante-room where sundry Kenyans were shouting and gesticulating at each other. In the middle of the floor of this ante-room was a large cardboard box, opened, with hits of its contents on the floor beside it. It was my wife's packet.

"They say you will have to pay duty," said Hassan.

"But it's a present, and it's for our own use, like our other belongings. We have just arrived in Kenya."

"Here, an ice cream machine is counted as an industrial machine, it says so in the customs manual."

"How much duty?"

"Maybe 6,000 shillings."

I began to get annoyed; 8,000 Kenya shillings was worth ahout £300. The machine had only cost about £200 in London.

"I won't pay that much," I told Hassan, trying to sound every hit the authoritative white man who will stand no nonsense from the hlacks.

Hassan looked at me sorrowfully, took me hy tbe arm and steered me outside again. "You must realise that if you do not pay, they will leave it there on the floor, like that. And if it is left there, it will not be there at all hy the morning."

I knew what he meant. Theft was rife in Nairohi, and I could well imagine its mysterious nocturnal disappearance, with nothing the next morning except shrugs of the shoulders. My wife and children were waiting outside, what would I say to her if her leaving present was stolen? What sort of welcome would that be to Kenya? The matter began to assume symbolic proportions.

"What do you suggest?" I asked Hassan. "You are the expert bere."

He paused, and looked into the half-distance. "Maybe, for 4,000 shillings I can do it for you. Come back later with money."

I was in a fix. I agreed to be back at noon with money. I rusbed back to my impatient jetlagged family and took them home. I telephoned the office, arranged to have the mooey ready at my office, drove into town to collect it, then back to the airport freight terminal for midday.

"The terminal is shut now," said Hassan solemnly.

"What for?"

"Lunch."

"So what do we do now?"

"Have lunch."

We weot to the airport canteen, a greasy self-service cafeteria reminiscent of British Rail in the 1950s. He chose a large meal, I chose a small one. He left me to pay the bill.

Then I had to sit with him for an hour, a total stranger, one white man in a hlack canteen, everyone knowing why I was there. Finisbed, he sucked his teeth, and said: "OK, go now."

Back at the terminal building, he led me along sunless corridors and from one office to another, hypassing queues of people, in each office he nodded vigorously to the occupant in my direction. I suppose he was doling out my money – dishing out verbal promissory notes.

It seemed to work. Hassan led me back to the ante-chamber of the transit hall. There, my package had already been taped together, and the overseer gesticulated towards it. "OK, you take it now," he said with a wide grin. I knew why he was grinning.

Hassan made no gesture to help me. I picked up the heavy cardboard box and staggered outside, into the hright sunlight of a Nairohi afternoon. I was dazzled, hreathing in fresh air, glad to be free of the claustrophobic atmosphere. But I was pulled sharply back to husiness.

"Now, you must give me tbe money. I have promised it."

"All of it?" I felt like a baby in his hands.

"Yes, you see, their view is that you will sell that machine, tomorrow or maybe the day after, it doesn't matter, for a good profit. So they think they should have part of that profit. Not all of it. You have your share, they have theirs, for letting you bring it in without paying duty."

There was an African logic ahout that. I counted out 4,000 shillings in 100 shilling notes. He stared at the notes for many seconds, not taking them. Then he asked: "what about me?"

I stared back at him.

"I have done my part. So you must pay me too."

I was beginning to get angry. He was breaking tbe agreement between us. I felt a righteous anger – and I was in possession of the goods.

"How much?"

"What you think is fair. I did you a service."

He had got lunch off me, and the company paid him for his services. So I said, as much to get rid of him as anything else, "Four hundred shillings." Ten per cent seemed a reasonable tip.

"That is not very much."

"Four hundred."

"OK."

So I counted out four more notes, and he took the pile, shook my hand, and vanished into the building.

My trouhles were not over. The man on guard at the gate, dressed in dirty overalls, said: "where are going with that thing? where is your pass?"

Of course, I did not have one. But hy now, I knew the game. I put the package down, pulled 40 shillings (10 per cent of 10 per cent) out of my pocket and handed it over as I walked past him. He grinned, and I was free at last.

I thought my wife would be pleased. But she was furious.

"I wouldn't have paid all that for it," she said. "Let 'em bave it or send it hack to England."

But we did sell it, three years later, for 4,500 *shillings*. So we hroke even. Except the ice cream wasn't up to much.

هكذا من الأصل

FASHION AND PERSPECTIVES

Dressing for the Professions: **The Journalist**

Owls and peacocks: a story of opposites

***Nicholas Woodsworth** considers the way the Press dress*

AS IN life, so in dress. Journalists are a duplicitous lot.

Are jouroalists responsible arbiters of public life, sober, sagacious owls to whom we can turn for truth and wise opinion? Certainly the serious grey suits worn in the editor's offices of Britain's national dailies imply that this is the intention.

Or are journalists media peacocks, prima donnas of the word processor with egos so attention-seeking that they feel the need to tell us their opinions of the world? The ghastly polka-dotted bow-tie, tbe sloppy, rumpled suit, the flamboyant waistcoat, the questionable socks, macs and ties sometimes affected hy journalists would indicate personal style bordering on the eccentric.

Owls or peacocks? The answer is: both. Journalism is a world in which individual expression and social convention have their proper place. Clothing simply reflects this. More homogeneous professions may have more homogeneous codes of dress, but journalists' clothes are as different as the organisations tbey work for, the topics they cover and the opinions they hold. A oewspaper office is ooe of the few places where one man in greeo velvet and another man in grey pin-stripe have equal value and utility.

Traditlonally, journallsts have a reputation for being notoriously poor dressers. Like Lou Reed in his fictional Twin City newsroom, or Walter Matthau type-writer bashing in the bleachers, they are portrayed as negligent, sloppy, soup-stained men – in the stop-press world of ringing telepbones, dcsperate deadlines and the passionate search for truth. there is no room for the consideration of mere clothing. The hard-nosed back, bis sleeves rolled up and hia tie pulled down, just does not care.

There is probahly some real basis for this image, but it is hardly as romantic as popular myth would have us believe. in the past journalism wes one of the lower-paid professlons. Despite the occasional gentleman dandy, this was a bard-living, hard-drinking, somewhat disreputable calling. For most work-a-day journalists, salaries did not permit large or expensive wardrobes – if tbe few suits a journalist owned all looked ready to retire, it was because they had seen much active service.

Nor was journalism a tidy profession. Wbeo raporters were not in smoke-filled offices pouring over inky proof-pages, they were out pounding the sidewalks in all weathers – the basis of that eternal cliché, the journalist and his wrinkled and dirty mackintosb.

Today, journalists (at least in the larger national publications) are better paid and can afford to dress as well as others in the liberal professions. Yet tbe sloppy, negligent image persists.

As potent as mooey in the creation of the journalist's persona is social status, his need to feel and be seen as *different*. If the attitude looks unstudied, the absent-minded indifference of the intellectual, it nonetheless has its purpose.

Looking into tbe doings of tbe influential, tbe wealthy and the celebrated more often inspires cynicism than admiration. Down-dressing or dressing differently is a way for the journalist to say to sucb people: "I may write *about* your world, but I am not *of* your world. I am different. I am an observer who evaluates." To the world at large it is also a modestly boastful way of saying: "I do not care about tbe way I look, I want to be judged by tbe superlative way I write".

But the image of tbe journalist in cheap, nasty and ill-coosidered clothing is probably over-done these days; looking competent and professional, at least to management, now counts for a good deal in this competitive trade.

In an age of journalistic specialisation, styles are varied and specialised too. Fashion journalists on womeo's magazines are fashionably dressed in discounted designer clothes. Diplomatic correspondents dress diplomatically. Banking correspondents tend to look like second-drawer bankers. Among the young thrusters of Third World foreign correspondence, multi-pocketed sleeveless vests are the sign of literate Rambos ready for action. Press photographers dress like members of motorcycle clubs, but that too is a fashion statement. Only sub-editors – journalists with no public face – can these days emulate the ideals of the journalistic slob.

If journalists are no longer permitted simple unfashionability, which way do they bead? In spite of the great diversity of style, they seem to tend towards one of two opposing poles: the flamboyant, creative personality, and the serious, responsible journalist of weight.

John Walsh, editor of *The Independent* newspaper's week-end magazine, is a self-avowed peacock. He wears tomato soup-coloured Kenzo jackets with green shirts. He owns a pair of floral braces. He has a ginger-coloured outfit from Reiss, and a dark green suit by Christian Dior. His favourite article of dress is a brocade lamé waistcoat whicb is 7 per cent gold thread. He usually wears it with a dinner jacket.

"Journalists take themselves far too seriously", he avows. "This is not a totally serious profession. All journalists are actors to some extent. Some like to dress like power brokers or tycoons. But our job is not to be bank managers. Our job is to be right, and not necessarily to fit in."

When Walsb was literary editor of the *Sunday Times*, he used to enjoy teasing editor Andrew Neil. "Andrew is an actor, too; he plays the nasty and borrible role and wears power-broker suits. Whenever we heard he was going to visit the literary desk, we pulled out coloured Balkan Sobranie cocktail cigarettes, put on floppy black bow-ties and used lots of words like *ennui*. It seemed the suitable corrective."

But there are plenty of correctives to the individualist, Bohemian streak among journalists, too. Ivan Fallon, formerly of *The Daily Telegraph* and today business editor of the *Sunday Times*, sits on the other side of the fence, not a peacock, but an owl. His own dress is elegantly conservative. His suits are cut on Saville Row by an Irish tailor, his shirts ordered hand-made from Hong Kong. He has a weakness for Hermès ties. On Saturdays he abandons bis suit for a blazer.

"We are fairly anonymous in the City of London," he admits. "Senior and financial journalists tend to dress the same as those they interview." But it is all to good purpose, he says – journalists do a better job as political reporters, financial analysts and foreign affairs observers if they fit into their surroundings without causing undue notice.

"All journalists sbould express a degree of independence, but not in a way that is embarrassing", he protests. "If I were at a board lunch and had dirty shoes, I would feel uncomfortable."

But everything has its place. "John Walsb may appear unconventional to most people", he laughs. "but in the circles be moves, the way be dresses *is* convention." Even peacocks have their codes.

John Walsh, an avowed peacock in Kenzo jacket, Armani tie and Reiss shirt

Trevor Humphries

Ivan Fallon, owlish in bespoke Savile Row suit and shirt hand-made in Hong Kong

Colin Beere

American fund-raisers watch carpenter Martin Wright work on the wooden pegs holding the huge oak beams that form part of a reproduction of the Globe Theatre near the original site in Southwark, south London. This week the first performance was scheduled on the replica Globe site

Bard's muse of fate

***Gerald Cadogan** invokes the spirit of Shakespeare*

DID William Sbakespeare's muse home in on Southwark, south Loodon, yesterday, for his 429th birthday? If so it might have been a bemused muse. Shakespeare would have looked at where his wooden O, the Globe, stood (now Park street) and west across Southwark Bridge Road to Marlowe's Rose. Then he would wonder why his countrymen who profess to be so proud of him, and benefit from the tourists he brings the scepter'd isle, leave these two theatre sites sad and forlorn, when his descendants had the luck to come upon them a few years back

It is a puzzle. It took an American, Sam Wanamaker, to build a replica of the Globe slightly to the north-west of both sites. The Globe itself looks like a bombed site, and the Rose lurks beneath the Rose Court office block strewn with banners advertising space to let. The archaeology at both sites is unfinished – at the Globe it has hardly reached the end of the first act. Yet these are the remains that can tell precisely where the players made their exits and entrances and where the gravedigger dug in Hamlet, and so how the plays were played. The only way to learn is by digging them fully.

The Globe was built in 1599, and the lease names Shakespeare as one of the tenants. It was one of 11 or 12 amphitheatre playhouses built in Loodon between 1567 and 1614 which gave acting companies permaneot homes for the first time – and are the transition to the indoor theatres we know today. In 1613 a cannonade for the King's entry in Hanry VIII caused a fire and the Globe burnt down. Rebuilt in 1614, it it was finally pulled down in 1644.

"Tenements went up on the site, as the archaeologists report* in the account of the 1989-91 trial dig. They were demolished when Southwark Bridge was built in 1814-19 and Anchor Terrace (listed Grade II) in 1821. Most of the Globe lies beneath Southwark Bridge Road and Anchor Terrace.

East of the terrace the diggers found the outer gallery wall and what seems to be a stair turret, and signs of two phases of building – but it is unclear which Globe was built first.

With sucb a small patch excavated, diggers can tell us little more except that the audience ate hazelnuts and that in Hollar's famous 1630s "Long View" drawing, from Southwark Cathedral tower, the building with a stair turret marked 'beere bayting' is really the Globe, and that marked 'the Globe' is really the Hope, another theatre. The stage and backbuildings still await the diggers' trowels, and the site sits idle while Hansoo, whicb funded the trial digs generously, decides what to do.

Now is the time for Peter Brooke, the beritage secretary, to act. Jack-up Aochor Terrace oo piles and dig beneath. Then look under Southwark Bridge Road. Then arrange to display what is left of the place where the world's greatest playwright put on his plays. This is our National Heritage – as nothing else is in the country.

And if you are sceptical, Mr Brooke – though you should not be, as a long-standing member of the Friends of Friendless Churches and so of the Ancient Monuments Society – think of our France, always ready to spend mooey on its capital city.

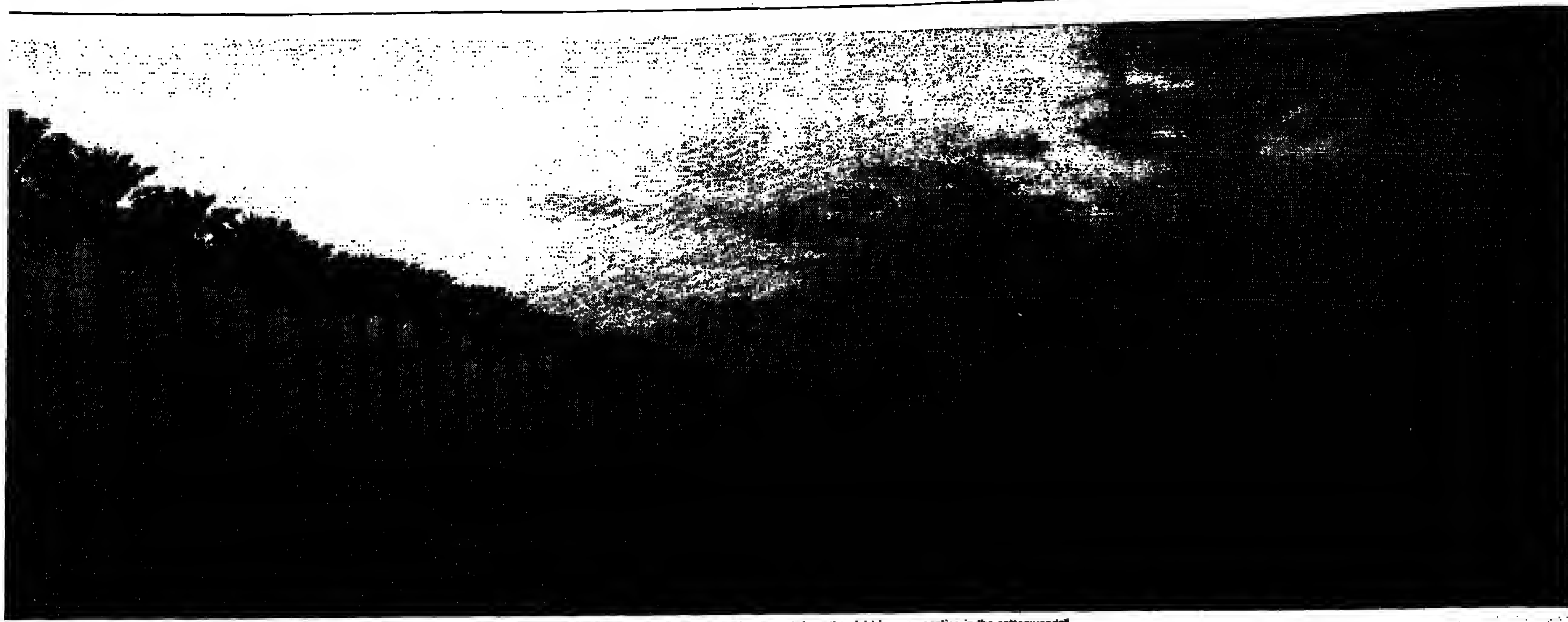
Do not forget the Rose. The Rose Theatre Trust has the offer of a grant from the South Thames TEC to open the site for plays and readings. That will bring the Rose back to public atteo-tion. But it still needs some £70,000 to prepare plans to conserve the remains permanently, complete the archaeology and display the theatre, and then mucb more money to carry out those plans.

If the Cabinet has doubts, tell them of the ecooomic beoefits. Southwark is bound to boom. It is crammed with history. Here is an opportunity to make a comprehensive scheme, by world-wide architectural competition, to display it all as an historic area by the river – and even find a use for Bankside power station next to the Wanamaker Globe.

If nothing is done, we are left with the diggers' reports – a messeogers' speech of tantalising brevity and a drama without end. Is that the way to treat this blessed plot, this earth, this realm, this England?

Simon Blatherwick and Andrew Gurr, with John Orrell, Shakespeare's factory: the Globe, Antiquity 66 (1992) 315- 33.

TRAVEL



On the way to Palm Springs. An early writer described being lulled to sleep "by the soft clatter of palm-fronds and an occasional somnambulistic outbreak from the night-herons roosting in the cottonwoods"

Palm Springs – a world-class rest-stop

CALIFORNIA'S desert areas were pooh-poohed initially. In a report on the first serious reconnaissance of the desert, Lieutenant Joseph C Ives, of the US Topographical Engineers, wrote: "The region . . . is, *of course, altogether* valueless. After entering it there is nothing to do but leave. Ours had been the first, and will doubtless be the last, party of whites to visit this profitless locality."

I do not know what happened to Lt Ives, but if he drove through the desert now and stopped at Palm Springs his eyes would pop out.

Ask an American what Palm Springs stands for and he will reply: golf, tennis, palm trees, money, movie stars. Ask the town's tourism office what it stands for and it will flourish the happy phrase: "Xanadu incarnate."

Ask *me* what Palm Springs stands for and I will tell you of floating in one of its swimming pools (it has 7,000) and ruminating pleasantly on the hundreds of activities available in and around Palm Springs that I was gently boycotting while idling and vegging out.

Palm Springs is on the western edge of the Coachella valley – 107 miles (2½ hours on the freeway) south-east of Los Angeles, within the area known as the Colorado desert. The San Jacinto mountains are to the west, the Santa Rosa mountains to the south.

It is 487ft above sea-level. To the east lie the other manicured resort-cities of the Coachella valley: Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, Bermuda Dunes, La Quinta, Thousand Palms and Indio. Palm Springs' year-round population is only 40,000 (surprisingly, property is not expensive). And its climate – its original claim to fame, along with its abundant water – is superb: an audited 354 days of sunshine per year and less than 5½in of rain, with winter daytime temperatures in the 70°F's (20°C) and summer-month levels (over 100°F) tempered by low humidity. The May-August high is regarded as 105°F, the low as 67°F. High season is January-April: 77°F-45°F.

To indicate the numberless activities available in and around Palm Springs, I could do worse than quote what Carolyn Patten, of Palm Springs Tourism, suggests for a seven-day programme:

Day 1: Stroll down Palm Canyon Drive, the city's main avenue, and note the shops, galleries, cafés and restaurants. Return to your hotel, pick up a good sunscreen, bask in the desert sun and try to find some pity for the friends you left back home.

Day 2: A drive-past tour of the homes of famous residents, including the estates of Frank Sinatra, Gerald Ford, Walter Annenberg, Zsa Zsa Gabor, Lord Hanson and other golden oldies, as well as Palm Springs' celebrity country clubs. And visit The Living Desert, a 1,200-acre wildlife centre, for a close look at bighorn sheep, the desert kit fox and other birds and animals.

Day 3: Take the Palm Springs Aerial Tramway for a 2½-mile, 15-minute cable car ride to the 8,500-ft peak of Mt San Jacinto, from where you can see for 50 miles. And visit the Desert Museum (Western art, natural history dioramas illustrating the history of the local Cahuilla tribe of Mission Indians, and two sculpture gardens). Members of the Agua Caliente band of Cahuilla Indians are among the largest of Palm Springs' present-day landowners.

Day 4: Try the Oasis Water Resort, a 21-acre waterpark, and take a safari ride into the foothills of the Santa Rosa mountains. For a night on the town there are piano bars, 1940s-style nightclubs (nostalgia is big in Palm Springs), comedy, jazz, discos and "authentic" country & western.

Day 5: Anything you like: golf, tennis, cycling, horseback riding, pool-lounging, desert hiking. Or take a covered wagon tour through the Coachella Valley Preserve (13,000 acres: springs, dunes, bluffs, mesas, the Thousand Palms Oasis and plenty of wildlife, some of it rare).

Day 6: Visit Indian Canyons for fan palms, waterfalls and wildflowers. And ride a hot-air balloon over the date groves and lazy horse country of the eastern Coachella valley. This year, an extra-wet winter has produced one of the best wild-flower seasons in the Palm Springs area in more than a decade.

Day 7: More of whatever you like.

Sounds ever so slightly tedious? Aggressively non-cultural? The bland *leading the* bland? If so, then it is worth emphasising three things about Palm Springs that justify describing it as one of the northern hemisphere's best winter-sun holiday spots: it is surprisingly quiet and peaceful; its climate is superb, and it serves as a first-rate hub or springboard for various trips.

Thanks to considerable care and effort, Palm Springs retains the small-town charm and peaceableness of its early days, when movie stars (plus Albert Einstein) would head there from Los Angeles to holiday at the El Mirador hotel. Today, you might spot Sylvester Stallone or Kirk Douglas, Don Johnson or Kim Basinger. But the important thing to know is that in Palm Springs these movie stars do not molest you. They do not pester you for your autograph or mob you in the supermarket. They respect your right to privacy.

Because of its desert climate, Palm Springs is a healthy place to be. In *Our Araby*, an account of Palm Springs' pioneer days, J Smeaton Chase tells of heading for Palm Springs one morning in April, *circa* 1915. He was with three friends. Two were driving a camp-wagon, the other two were on horseback. They had come from the coast. Crossing the mountains, at 2,000ft, they gazed at the valley floor.

"The effect was highly theatrical," wrote Chase. "Below and far ahead, at the foot of the hollow scoop of the pass, lay a pale golden land, shimmering in sunlight under a sky of summery blue. It was like magic, or a dream . . ."

As they descended, they were lashed by a hail-storm, alternately thrashed by chilly rain and pelted with hail-stones. But suddenly they emerged into glorious warmth. By early afternoon they had reached Palm Springs. "That night we stretched out luxuriantly under the flowering grev*illeas of* the Brooks House, bathed in moonbeams and odour of orange-blossom, lulled by the soft clatter of palm-fronds and an occasional somnambulistic outbreak from the night-herons roosting in the cottonwoods near the spring."

Using Palm Springs as a base, today's visitors can easily drive south to the Mexican border (not greatly recommended: you will see more poverty and desperation than you may have bargained for); west to the beaches (Malibu, Santa Monica, Huntington, Newport, Laguna) or Disneyland; north to Death Valley, or east to Joshua Tree National Monument, a national park of startling beauty that covers 870 square miles, more than 90 per cent of which is classified wilderness.

The park almost evenly straddles California's two deserts – the Mojave, a high desert, and the Colorado, a low one – and is named for the shaggy-limbed, spiny-leaved Joshua tree, in reality a tree-sized yucca, that can live for hundreds of years. A group of Mormons, passing through the area, saw, in the plant's upreaching limbs, an image of the prophet Joshua praying and guiding them westward towards a promised land – hence "praying plant" or Joshua tree.

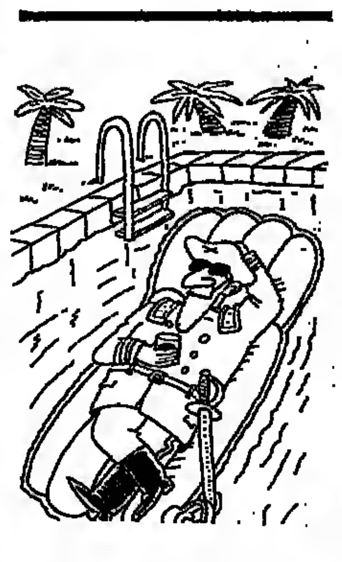
The largest Joshua tree in the park, at upper Covington Flat, is said to have forked more than 100 times in its 1,000-year lifetime. It is 36ft tall, 14ft in circumference and is said to resemble a giant head of broccoli.

I did not, in fact, see it, largely because my own hire-car-safaris did not stretch as far as Covington Flat. I hate organised walks or hikes. Abhor group jollity. Am not a team-player. Prefer my own company.

So I get into my hire car, drive a few miles, stop and get out, walk for 15 minutes in a circle, puff a cigarette, gaze soulfully at the horizon, check to see if it is raining or if there are mountain lions massing, or a posse of Mexican bears, or a column of desert tortoises, kill my cigarette carefully, glance at my map, re-start the car, drive a few miles, stop and get out . . . until I am bone-weary.

It was because of the strenuousness of these safaris that I spent much of my time in Palm Springs idling and vegging out.

Travels with Michael Thompson-Noel



■ *Michael Thompson-Noel* flew to Los Angeles with British Airways, which has two flights every day, Heathrow-LA, non-stop. Apex fares start at £324 return. The standard Club World return fare is £3,254.

In Los Angeles he was a guest of the Biltmore Hotel, and in Palm Springs of the Marquis Hotel & Villas. Double rooms at the Biltmore cost \$215-\$285 per night. Bookings can be made through Leading Hotels of the World (UK freephone: 0-800-181-123). In Palm Springs, the Marquis is at 150 South Indian Canyon Drive, tel: (619)-322-2121. Until June 12, and from September 18 to January 8 1994, double rooms and villas cost \$100-\$230 per night. Between June 13 and September 17 charges fall to \$55-\$155 per night. There are various deals available. London tel: 071-407-1020. The US: 800-223-1834/800-262-0186.

Palm Springs has 162 hotels, from the luxurious and ultra-private to the cheap and cheerful. One of them, the Morningside Inn, is described as "clothing-optional" (for naturists). *Details: Palm Springs* Tourism, 401 South Pavilion Way, Palm Springs, CA 92262, tel: (619)-778-8415, fax: (619)-323-8279. Ask for a copy of *Palm Springs Visitors Guide*.

Our Araby has been republished and is easily found: \$9.95. An excellent natural history guide is *California Deserts*, by Jerry Schad, California Geographic Series No 3, Falcon Press Publishing, available at the visitors' centre at Joshua Tree National Monument and elsewhere: \$14.95.

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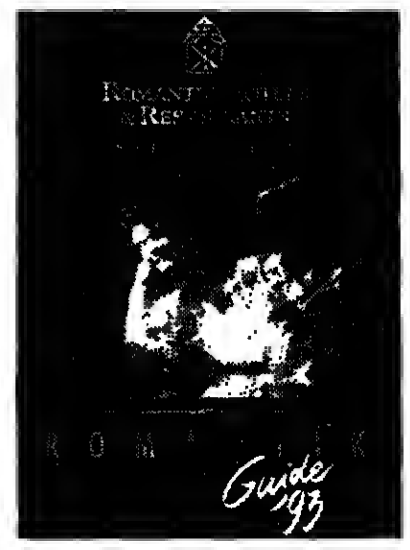

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GARDENING AND MOTORING

Daphne: bad-tempered but so sweet

SPRING is spreading at various speeds through Britain. In London, lilacs are out already; in the Cotswolds, primroses have only just reached their peak. But a reader in Wales has written to point out that she has yet to see colour in anything, let alone a tulip.

Even on the Welsh steppes, one of my favourite ceremonies will soon be challenging gardeners. Since January, daphnes have been active; but during the next month, the best of them remind us why they are plants with which we should all experiment.

In small gardens, city gardens or adventurous gardens, daphnes have the quality which plain old ivy cannot command. They also have their awkwardnesses. Some of them will grow only for experts. Others will grow for all of us but will die back suddenly in the middle. A few of them are cheap, and all of them have yellow roots which cannot be moved. They hate disturbance and they hate invaders. I cannot blame them, but I also cannot move them or fork round them safely in the hunt for weeds.

The temperamental members of this family have caused others to be overlooked. This year, I have learned a little more about their signs of bad temper, but I also wish to begin with varieties which anyone ought to be able to grow.

My star performer is a daphne which is named after Naples, although it is no longer to be seen there in its pure state. Neapolitanum will grow easily on any well-drained soil, but it is becoming rare in the better nurseries and needs a public campaign in its favour.

It turns into a low, neat evergreen with scented rose-pink flowers and it never grows more than a 18 in high. It is easy and, potentially, makes neat, low hedging, especially good in flower beds which back on to walls.

Its close relation, daphne Collina, also originates from Naples and can still be seen growing wild on rough, limestone ground to the south of the city. Collina is much more common in the trade but it has the family's frequent vice: bits of it will suddenly die off without reason.

Neapolitanum is a much better buy for a front garden or an evergreen clump of five or six bushes in a bed of low-growing border plants. I hope that, eventually, I re-make its reputation.

It is not, however, the oldest form in gardens. My vision of the daphne goes back 1,000 years, to the Sung dynasty in China and the pleasant story of a somnolent monk. Beneath a cliff in distant Lu Shan, he is said to have dozed off in the shade and dreamt be was being encircled by clouds of heavenly scent.

I have never had scented dreams, but they are not a monastic privilege: we could all try sleeping on a bed of roses. For, when the monk woke up, be found bushes of daphne Odora growing in the rocks above him; he was breathing their unique scent in early spring.

He named them by the Chinese words for Sleeping Scent and bequeathed this legend to gardeners there. Seven centuries later, we finally caught up with China's flower culture and became aware of this enchanting shrub.

Odora's season has just finished, and I have been tidying up two bushes of the golden-leaved form which is hardier and even sweeter. Both suffer from a problem which did not affect Chinese monasteries: they are riddled with a virus for which there is no cure.

Experts say the virus is the reason for those daphnes with bare lower stems or twisted leaves at the tips of their branches. In the trade, quite often, Odora has become debilitated because the virus is perpetuated by cuttings, not by new introductions from the wild.

There is not much we can do. The only answer is to check carefully before buying an Odora and reject anything which might have twisted leaves. Growers are probably unaware of the problem, but it spoils at least half of the stock now on sale.

This warning should not deter you, though. It has not deterred me from a new experiment: the low daphne Mantensiana which is evergreen, sweet-scented, and willing to cover about 2 ft in height and width. Its main flowers fall in February and March.

Mantensiana is a post-war invention, bred in Canada from very different parents, which I have bought and recommend. It is now beginning to circulate more widely and deserves to make a name; but I fear it will not live forever because it, too, seems to die in places like the familiar Collina. Nonetheless, it is worth six or seven years' tolerance.

Perhaps these short prospects are too much for you. If so, do not desert the family: turn, instead, to one of this post-war daphne's parents. It goes by one of two names, Burkwoodii or Somerset, but historians and botanists agree that the two plants have a similar parentage and do not vary.

By now, it is common in garden centres but ought to be much commoner with customers who want a peaceful reward. Scotts of Merriott, in Somerset, was one of those to introduce it and the firm's nursery list still remarks, justly, that one bush of this daphne will scent an entire garden in May.

Admittedly, it is not evergreen, but it will also make a spectacular hedge of informal, bushy proportions if you allow room for its spread and height of about 4 ft. I have used it successfully to hedge a grass path leading out into a less formal area of fruit trees and rough turf. Be sure to allow a generous width of grass so that the daphnes do not eventually block the way through.

Single bushes will scent anyone's garden, so try a short walk of Somerset and watch out for visiting monks on the nap. The scent on this variety is dreamy and easy for everyone – yet, we still make too little use of it in those coming weeks when tulips, everywhere, are going over and many of us are waiting for the main flush of roses instead.

Robin Lane Fox

Daphne Odora . . . bequeathed by a Chinese monk but riddled with a virus for which there is no cure

Estates where expanse beats expense

***Stuart Marshall** tests a trio that blend executive-class comforts with bulk carrying capacity*

THE DAYS when you wanted a large estate car, could not afford a Mercedes-Benz 200/300 and had to settle for a Renault Savanna, Volvo 240/740/940, Vauxhall Carlton or nothing have long gone. Last year, Ford put right a major error of judgment and re-introduced a Granada (Scorpio) estate. Shortly before that, Citröen's XM had become the champion weight-lifter among large estate cars. Two more distinguished additions were the Audi 100 estate and BMW's 5-Series Touring (an estate car in all but name).

Now, Mitsubishi's Australian-built Sigma; a face-lifted, American-made Toyota Camry; and a load-carrying version of Volvo's front-wheel driven 850 have swelled the ranks further. So, from a position of relative scarcity, the buyer or user-chooser seeking executive-class comforts and performance plus bulk carrying capacity is almost embarrassed for choice.

You don't have to be an antique dealer, or need to transport things like straw bales, to appreciate the main advantage of a big estate car – the sheer ease of putting awkward things in it. I mean things like two golf bags attached to their trolleys; black labradors on bean bags; or folding two-seat pushchairs, travel cots, and all the clobber parents of young children (and sometimes their grandparents) have to lug around.

Most of these (though not the dog) will go into saloon car boots singly, if not together. Even some of the least expensive models have big boots now and the cavern at the tail end of a £8,695 Seat Toledo (styled like a saloon but actually a hatchback) looks big enough to have an echo. The flat-silled Saab 9000 is another hatchback that almost rivals a big estate car for carrying capacity. But for sheer load space, plus ease of humping goods in and out, a proper estate car is unmatched.

For very large objects, the best buys remain the two-litre Vauxhall Carlton (called the Opel Rekord on mainland Europe) at £14,830 and Volvo's 240 Torslanda, one of today's greatest bargains at £13,395. Neither of these practical work horses offers executive-class performance, though. For this, you must pay more.

I have just sampled three big estates with three-litre engines – the Sigma, Camry and BMW 530i Touring. With air-conditioning and automatic transmission, they come in the £23,000-£35,000 price brackets. Any should satisfy business users accustomed to the highest levels of comfort, refinement and performance.

The Sigma estate might lack some of the Sigma saloon's high-tech features – for one thing, the V6 engine driving the front wheels has two valves per cylinder, not four – but it delivers ample power (168 bhp), is almost silent and returned a shade over 22 mpg (12.8 l/100km). And suspension designed to cope with fast driving in the Australian outback gives a superlative ride on normal roads.

As a motorway cruiser, the Sigma is on a par with a Jaguar. It handles competently, feels as solid as a German car of quality and is totally relaxing to drive. It is a pity, though, that the rear seat cushion does not swing forward. The backrest sits on top of it when converting the Sigma into a freighter, so the load floor is not completely flat. And there is nothing to prevent a sharp-edged load from damaging the front seats should it slide forward under heavy braking.

Toyota's three-litre, V6, front-wheel driven Camry saloon is as suave as the standard-setting Lexus LS400, only a bit smaller. But some of this refinement is lost in the estate version. The greater volume of the load-carrying body amplifies what little noise there is and, when running light, the stiffer suspension is less effective at smothering pot-holes and bumps.

This apart, I found the Camry 3.0 V6 GX estate a rewarding car to drive. The more I put in it, the better it went. At £23,999, it is notably good value because a silky automatic transmission, ABS brakes, leather seats, air-conditioning, cruise control and two rear-facing seats for children are thrown in. As a bulk carrier, however, a potential snag is how the rear suspension covers intrude into the load space.

The BMW 530 Touring is a jewel among estate cars. Its 218 horse-power, 32-valve V8 is of surpassing smoothness, spinning up to high revolutions like a turbine, yet pulling without jerks in fifth gear at less than 1,000 rpm. Although a roomy estate – its load floor (rear seat folded) is 6 ft 1 in (183 cm) long – it feels, sounds and rides exactly like a saloon.

Predictably, it is expensive, with a key-in-hand price of around £32,000. This includes ABS brakes and self-levelling rear suspension but not a radio – BMW reckons customers prefer to choose their own. Extras on my test car included a traction control system (£1,250), driver's airbag and power-adjusted steering column (£905), and power-adjusted front sets (£970). Because the sun-roof had been deleted, air-conditioning added only £350 to the price – worth every penny, in my view.

Fuel consumption is around 25 mpg (10.86 l/100km). Clutch and gear-shift are pleasantly light but I would happily pay £1,650 extra for the optional five-speed automatic transmission.

SPORT

Cricket/Teresa McLean

Grass masters protect their turf

I WOULD not do it for any other newspaper. A long journey into Yorkshire, a cold, hard afternoon's labours, then a long journey home late at night. It was worth it; the grass roots are fascinating.

The Sports Turf Research Institute, in Bingley, west of Leeds is a charity, founded by the Golfing Union in 1929. By the 1950s it was researching into all types of sports turf, with all their ailments, at the service of golf, bowls, cricket, football, hockey, rugby and racing.

Cricket is overshadowed by golf at the Institute but that, they assured me, is cricket's fault. There was a turf revolution in golf about four years ago, following a lot of trouble about bad surfaces. Golf's administrators consulted the Institute's experts. Today golf is overflowing with committees in charge of the construction and maintenance of golf courses.

"That's what we were founded for," the Institute's director, Dr Peter Hayes, said with satisfaction. Cricket has yet to have its turf revolution. It keeps its turf to itself, away from the Institute's relentless enthusiasm for research.

"Senior groundsmen have a kind of aura attached to them which cannot be penetrated," said Dr Hayes wearily. "All cricketing authorities are difficult to advise. They are well meaning amateurs. They don't understand the importance of research."

When I talked to Tim Lamb, secretary of the Test and County Cricket Board's pitches committee, he gave a weary sigh of his own. "The STRI is all science. They are boffins who don't understand the practical side of making good pitches under match conditions. Pitches are different when you play on them."

The amateurs and the boffins talk to each other at times, but remain at odds in the vast underworld of the cricket pitch. It is a world which only hits the headlines when people want a scapegoat for poor English performances, but it is always taut with pressures and politics. It is populated by players, groundsmen, executives, researchers and, unofficially, the local expert who has sat in the same seat for 40 years, watching every game and comparing every wicked wicket with the real old fliers and skidders of his youth. Such an old faithful preferred the good old days when there was not all this fuss about wickets. He has a point.

Back in the great days of Hambledon, Richard Nyren described the ideal pitch simply as a 22-yard stretch of the cricket ground, not to be altered "by rolling, watering, covering, mowing or beating" during a match. Subtleties of texture did not come into it when the turf was to be "if possible fed down by sheep."

In time, the culture of first class cricket turf grew more sophisticated, leaving the ovine mower in history. *Cricket* magazine attributed batsman Richard Humphrey's suicide in 1906 to the grim old pitches that had undermined his early batting, before "the later years, when pitches were vastly improved". Today the improvement of pitches is verging on an obsession.

It is *Graham Gooch's favourite* topic of conversation; he is always happy to talk about the need for better wickets, without which he sees no future for English cricket.

Both the TCCB and the STRI are reluctant to give a precise definition of a perfect pitch because requirements vary from place to place, indeed within each pitch.

"We don't want a minefield, of course," laughed Lamb.

"Not a snooker table, of course," said Hayes.

Both were happier talking about what they did not want. Both cited Headingley as a problem pitch.

"It's been dug up and re-laid as many times as I've had a cooked breakfast in the last year," said Hayes, "to no effect."

In 1986 a wicket for a Yorkshire v Surry match was condemned by a TCCB inspector. A deep shaft was dug, revealing what Lamb described as "something like a Neapolitan ice-cream" – layers of compressed organic matter and old topsoils, put there by successive groundsmen. This meant that newly sown grass could only put down weak roots, through a layer of accumulated organic fibre or "thatch".

Solutions?

The TCCB is trusting to the skills of Headingley's groundsman, Keith Boyce, who dug up and re-laid the pitch at the end of last season. Lamb pointed out that it was the TCCB which got rid of the lush, green wickets groundsmen were preparing in the late 1980s to suit seam bowlers. It has everything in hand. This year's emphasis is on dry pitches to encourage spin bowlers. But it takes time.

"It's taken them 20 years to go round in a circle," was how they put it at Bingley. "There are always fashions in the soils groundsmen lay. This year everyone is using two parts Ongar loam to one part Surrey loam because that was successful for Harry Brind at the Oval. But there's no scientific understanding of what makes a good wicket."

We stood on a huge patchwork of trial turf areas. No-one could doubt the STRI's commitment. *As others* said before me, only time will tell what works best. It is a pity the assorted approaches cannot combine their work more easily to find an answer.

Tennis/John Barrett

Courier the king grows into his regal role

YOU MAY not even have noticed, but last Sunday in Hong Kong, Pete Sampras beat Jim Courier 6-3 6-7 7-6 in the final of the Salem Open. Nothing special about that, you might think. But it was a poignant moment in the careers of both young Americans. *Nine days earlier*, in Tokyo, 21-year-old Sampras had won his quarter-final against another American, David Wheaton, to displace Courier as the No.1 ranked player in the world. He is the 11th man to reach that pinnacle since the computer rankings were introduced in 1973. The Hong Kong victory therefore clearly stated: "The king is dead; long live the king."

Ironically, it was Courier's accession to the throne in February 1992 that sparked the ambition in Sampras to emulate him. "Seeing Jim at No.1 sets a goal for me," he said at the time. "I believe it's something I can do, too. It's a matter *of staying* healthy and playing consistently."

Yet, even with the help of his new coach Tim Gullickson, Sampras could not find that elusive consistency last year, especially in the Grand Slam Championships. Although he won five tournaments he ended 1992 ranked third after losing in the final of the US Open to Stefan Edberg, the semi-finals at Wimbledon and *the quarter-finals in Paris*.

This year Sampras could hardly have been more consistent. He has already captured four titles, starting with the outdoor event in Sydney last January. That was a prelude to his semi-final finish at the Australian Open.

Even his physical frailties seem to be under control. During his winning run in Key Biscayne last month he told me that he was taking pain killers for the shin splints that have troubled him since 1990 when, *at 19 years and 28 days*, he became the youngest ever winner of the US Open.

"I don't like it but at least it means I can compete. Anyway I shall have two weeks off to rest them before I have to play in Tokyo, it should be enough."

As the world now knows, it was indeed enough. Too much for Courier. These two have been friends and rivals since their junior days. As young professionals they were roommates at the Nick Bollettieri Academy in Florida where Agassi was also in residence. They won their first important title together – the 1989 Italian Open doubles in Rome.

When I first saw him, Pete had just embarked upon his professional career. It was at Palm Springs in 1988. In those days he was a shy, gangling 16-year-old, all arms and legs, with smooth, effortless strokes but not much idea how to use *them. To all of us it was* apparent that here was a player with limitless *potential*.

He beat the graceful Indian Ramesh Krishnan in the first round, saving three *match points in the* process. That was a good sign. Then he upset a man who had taught him much about match play at the Rancho Palos Verdes Club outside Los Angeles where they were both members. Eliot Teltscher was less than pleased at being beaten in straight sets. "I always knew the kid was going to be good," he said. "But I didn't think it was going to *happen so soon*."

Nor did anyone else. Sampras did not have a spectacular junior career. Although he could always beat the local opposition he could not make an impact nationally. Courier, Agassi or Michael Chang always seemed to be in the way. "I couldn't serve and I had no real idea of how to volley," he recalls. "I was just trying to play the way all the kids played – counter-punching from the baseline. I realised I would have to do something about my game."

He sought advice of a family friend, Dr Pete Fischer, who had been his unofficial (and unpaid) coach for some years. Together they decided that if he was to make progress and become a *volleyer*, Pete would have to forsake his double-handed backhand.

Stefan Edberg had made a similar change at the suggestion of Percy Rosberg, who had been Bjorn Borg's first coach. Wisely Rosberg had left Borg *with his effective* two-hander but had changed Edberg because he had recognised Stefan's ability as a volleyer.

It was the same with Sampras. But the change was painful. "After six months of hitting the fence and losing my temper *a few* started to go in. It was a great relief!" he says.

Ever since, more and more have been going in. Nowadays Sampras has the most *complete game of all the leading* men. His serve, fired at around 130 mph, has become Lethal Weapon 4, his groundstrokes, taken on the rise and hit flat and fast are as penetrating as any, and his volleys are punched firmly or caressed with sweet touch, according to the situation.

So what sort of man is the new world No.1? In a word: confident. That had always been the missing ingredient. Following his unexpected success at the 1990 US Open there *followed two years of growing* into the position. Pete's girlfriend De-Laina Mulcahy, a law graduate, has had a positive influence on the process. The benefit was clear in Key Biscayne. The mature way Sampras dealt with some of the *most testing playing conditions* I have seen was a revelation. A year ago he would not have coped.

So far this year Sampras has served 366 aces, over 100 more than his nearest challenger Michael Stich, even though he *has got in less than 64 per cent* of his first serves in. As Ivan Lendl used to say, it is not the percentage that matters but the moment. Sampras also leads the field on first serve points won (81 per cent), service games won (91 per cent) and break points saved (72 per cent). This superiority on serve gives him the freedom to go for *his returns* and *gain* enough breaks to win his matches.

The killer streak, essential to success, has become more obvious as Pete has added confidence to his greater physical strength. He is now the perfectly proportioned athlete, strong, fit and fast. Yet, beneath the hard exterior is the same gentle individual. *When he won $2m at the Compaq* Grand Slam Cup in 1990 he gave $50,000 towards research into cerebral palsy which had claimed an uncle.

Hardly surprising, this, from a man whose hero as a youth was the greatest of them all, Australia's double Grand Slam winner, Rod Laver who was the epitome of sportsmanship and athletic chivalry. Watching tapes of the great man's matches was part of Pete's training routine. If he goes on developing (and, as he readily admits, there is room for improvement), tapes of Pete Sampras's matches will become required study for today's embryonic champions.

Lethal Weapon: Pete Sampras prepares to launch another of the 130mph serves that have carried him to No 1

Horse Trials

A calmer horse on a safer course

Keith Wheatley on precautions for this year's Badminton event

MUCH is expected of King William next month - not least to behave himself. This magnificent nine-year-old eventer took Mary Thomson to her first win at Badminton in 1992. The same bold, headstrong beast then ruined her day at the Barcelona Olympics, taking her round the El Montanya cross country course at a speed and style that left the rider feeling shattered and irrelevant.

"It was horrible, a nightmare. I kept thinking why is this happening to me here, at the Olympics?" remembered Mary, as she prepared for the new season. "He'd always been brave and forward-going but that was very close to bolting – ugly and horrible.

"Towards the end of the course I was beginning to run out of energy and wasn't sure that I could continue to hold him. I was an absolute jelly when I got off and couldn't stand up but Willy was itching to go round again.

"The irony was that because of the Spanish heat there were an army of vets standing by to attend to any exhausted horses. I can tell you that I needed the medical aid a great deal more than King William."

In the media centre the world's press assumed that Mary and William had taken the slower, safe route at many fences because they were "riding to orders" from a British team anxious to conserve points. This alleged excess of caution was attacked in many papers *the following day*, leaving Mary and and her team-mates angry and despondent.

With the show-jumping section still to come, they were unlikely to disclose William's exact state of mind to the world but as Mary is now able to point out, taking the "chicken run" through those fences was more about saving life than points and no one needed to tell her to do it.

It was a bitterly disappointing end to a season that had begun so well. Mary Thomson describes 1992 in her book *Mary Thomson's Eventing Year* (David & Charles, £17.99). It *was a spell* that began with a mood dangerously familiar to all top athletes.

"When I won at Windsor a fortnight after Badminton it was my fifth consecutive win at a major three-day event. I was really on a roll, flying. Willy and I didn't seem to be able to do anything wrong," recalls Mary.

"Winning at Badminton was a dream forever. I'd been second but to win was such a higher gear. There is nothing like actually winning and going across country it gives you the confidence that is so important. You can fill a horse with *optimism* and *bravery* if you're feeling totally on top of things."

Thomson recalls the Sunday service at the little Badminton church on the morning after three horses had fallen and had to destroyed in the cross-country phase. It was the worst day in Badminton's history and has caused much *heart-searching, not least* with Hugh Thomas, the event director and course designer.

"I have to know in my heart that the course was OK and that is why we've had such intensive inquiries into the whole business," said Thomas, a former top event rider.

"Last year's accidents hurt our image with the public and quite *rightly*. It *damaged* peoples' perceptions of what we are about in this sport." This year around 200,000 spectators will come to Badminton to see 80 of the world's top event riders compete for the Mitsubishi Trophy.

Last year after a long spell of dry weather it began to pour with rain around dawn on cross-country day. By late morning the course was extremely slippery, although the technical judge pronounced it fit to ride. "It was very difficult for the early riders but our investigations have shown that the conditions were only a factor in the first of the three accidents," said Thomas.

"Once we began to get a certain pressure – not from the competitors – to consider postponement, ironically conditions improved because the early horses had cut the ground up a fair bit. We can't find any explanation at all for the subsequent accidents. One fatality was in the water jump and in all my years in the sport I can't remember such a thing. Water usually cushions a fall."

There have been changes. The take-off area immediately in *front of each* fence will be roped off and out-of-bounds to the public for a week beforehand. Thousands of human feet can compact the ground and make it potentially dangerous if there *is sudden rain*.

"One is reluctant to spoil peoples' enjoyment and appreciation of how *difficult* the whole thing is," said Thomas. "But safety has to come first." His fence repair team will switch their focus to keeping the going safe. "It is amazing what half-a-dozen shovelfuls of stone-dust can achieve," said Thomas, *who confesses to* coming from an era when such precautions would have been thought wimpish.

Thomas is a technichal adviser to the International Equestrian Federation. He is aware that in some countries *eventing is seen as bordering* on cruelty to horses. Thomas is just back from Atlanta and talks with the American Humane Society (the equivalent of the RSPCA) over their concerns relating to the sport.

As perhaps the best-known *three-day event* in the *world* Badminton cannot afford any more mishaps. But in the short run the most interesting question is who will win?

King William has a new "cherry roller" bit imported from the US which, according to Mary, makes him easier to manage. At Belton last weekend he went beautifully across cross country and *jumped a* clear round in the show-jumping, his weakest phase. "If *Mary* and *King William* are in the form they were last year they will be nearly unbeatable," believes Hugh Thomas.

Skiing/Arnold Wilson

After the crowds melt away

Free run: since Easter many Alpine slopes have had good snow but no skiers

THE SKIING season is going out in a *blaze* of glory: what a shame there are so few skiers to witness it. This week, the sun has been scorching down on snow which on higher ground has defied ultra-violet and infra-red and *remains in remarkably* good condition. But because skiers tend to think that their world comes to an end at Easter there is an extraordinary, almost surreal and ghostly emptiness in the mountains. The Alps are almost as silent *as they* were before recreational skiing was invented.

In Verbier, Switzerland, teeming with people *less than* two weeks ago, there were not enough people on the entire network of slopes to form a queue even at Medran, where *queues* are something of a way of life in mid-season. You could actually arrange to meet someone on the *mountain* just by looking out for them: a notion that in mid-winter would be as absurd as hoping to bump *into* a friend in Oxford Street during a busy Saturday afternoon.

At Courchevel, where many executive jets were leaving but few were *arriving*, piste-grooming machines, for all the world like remotely-controlled moon-buggies, resolutely *continued* to groom and cover-up the odd bare patch on the lower slopes even though there was hardly a skier for miles.

Although many hotels put their shutters up this week, *officially the season does not* finish in many resorts until next weekend. Will there be anyone out there *still skiing?*

There are exceptions. Some British tour operators, like football fans beginning to troop out of the ground before the *final* whistle, have done a U-turn and decided to stay on as clients suddenly appear from the ether wanting to ski next week. Just as chalet-girls have started to spring-clean, a few skiers have woken up to *the fact that* there is still some good skiing out there.

In spite of an explosive start to the season and some wonderful snow – apart from an unnerving lack of fresh supplies between January and February – it has been a mixed season for hoteliers, particularly in France. March, normally the central plank of a good season, was a disaster. The effects of the recession, exacerbated by the French themselves, who found election fever keeping them off their own mountains, were felt particularly badly by luxury hotels trying to take advantage of late school holidays in France by keeping their March prices high in an attempt to extend the February high season.

Claude Pinturault, who owns the Hotel Annapurna in Courchevel 1850, admitted that most of Courchevel's ten four-star hotels have had miserable periods this season. There have not *been enough affluent clients* to go around. Pinturault has restructured next year's high season prices so that they will only apply to the French school holidays from mid-February to mid-March. To a certain extent, Courchevel has been a victim of the "fat cat" syndrome that has in the past shaken such self-confident resorts *as Zermatt and Aspen*. Believing themselves to be unassailable they have risked pricing themselves out of the market.

At least one hotel has gone bankrupt this winter in Verbier. There are whispers about one or two in Courchevel. Yet a few four-star hotels, like the Latitude, in Val d'Isère – which have pitched their prices more sensibly – have had a good season. And lower down the scale, two-star hotels, such as the Eldorador and Aiguille Rouge, in Arc 2000, and the Eldorador, in Belle Plagne, have enjoyed enormous success.

Although snow conditions in the Alps after Easter have been excellent for the last three or four years, and prices are low, skiers often seem to have melted away by then. Next year, Easter is early: April 3. It would be inconceivable for this to signal the end of the season. Nevertheless, many resorts and tour operators are trying to *improve their lot* by promoting a summer season. Verbier is particularly anxious to fill chalets occupied by skiers in the winter with golfers, ramblers and parapentists in the summer.

Small tour operators, such as *Neal Manuel, who runs Flex-iSki* (071-352-0044), have chalet apartments lying idle for much of the summer. "The mountains after Easter and during summer are spectacular," he says. "As it happens, we've got some late bookings for next week, just as we were about to pack up and go home."

Verbier's tourist director, Patrick Messeiller, says: "You can even ski here in June and July if you want to."

For those torn between a winter-skiing break and a summer holiday, a morning on the slopes followed by a round of golf or some tennis in the afternoon is a tempting combination.

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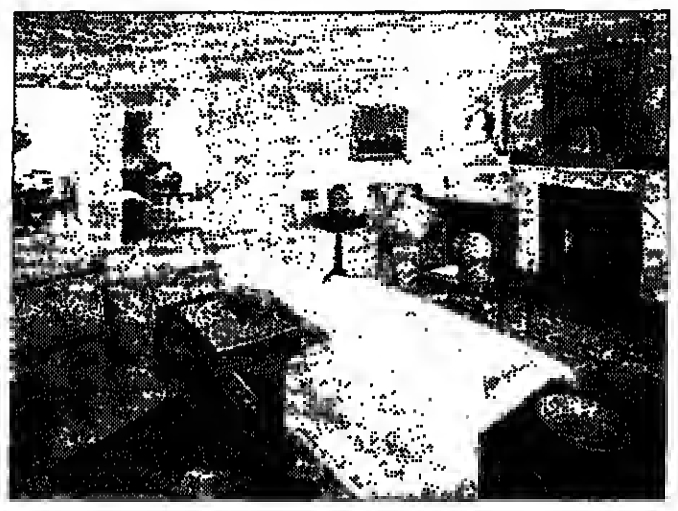

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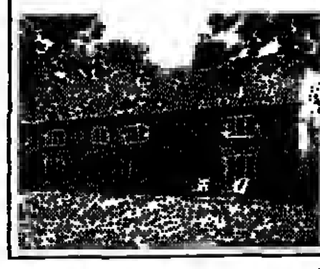

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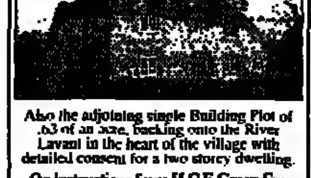

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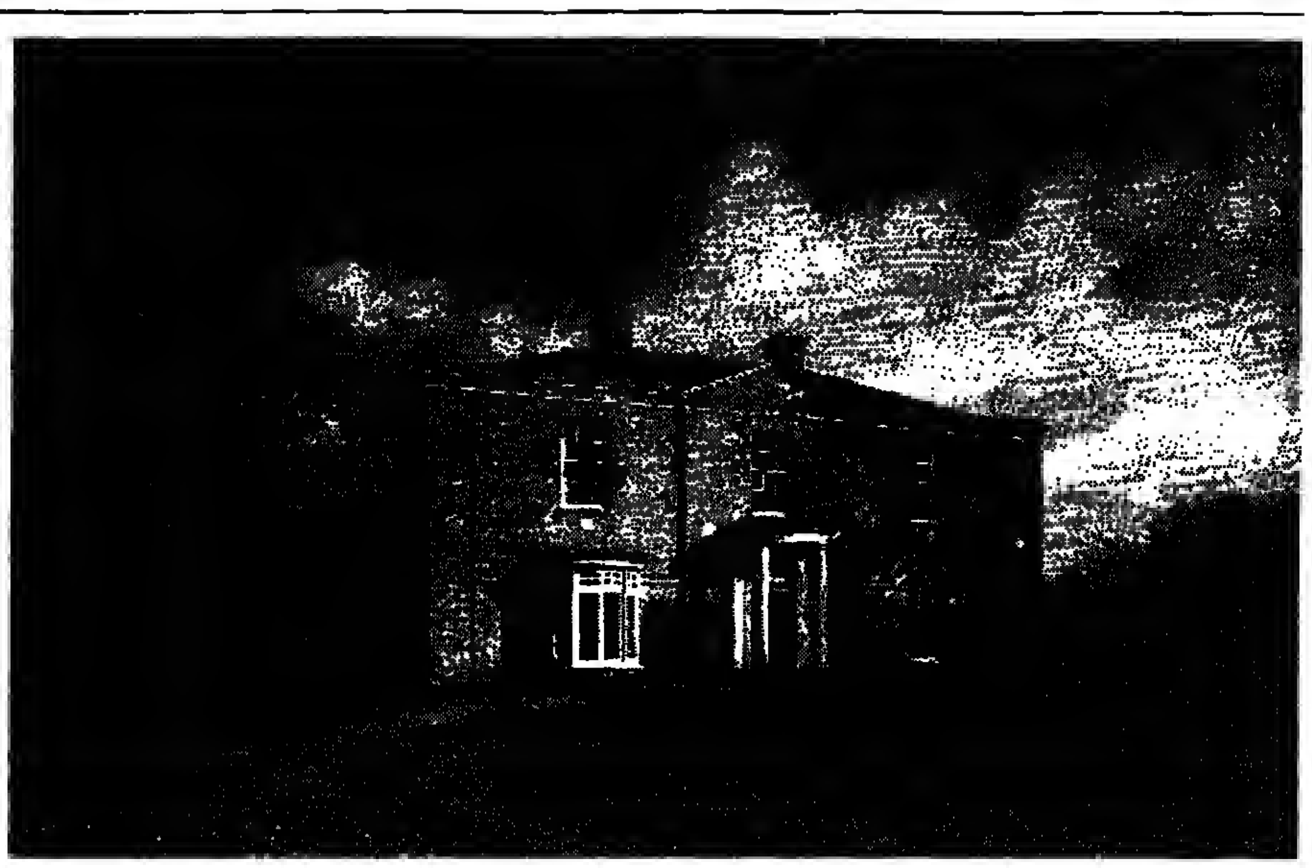


Narside at Narborough near Swaffham, Norfolk (Bidwells, £300,000)

Like Brittany – but better

Gerald Cadogan finds a rich choice of houses in East Anglia

UNUSUAL houses at reasonable prices, and a rich choice of things to do, await those who venture into East Anglia. Pass on from Essex to Suffolk and you can go racing at Newmarket and sailing in the estuaries.

After sailing, how about a concert in Aldeburgh? Benjamin Britten's music paints the fickle North Sea, the bleak mud flats and the free spirit of East Anglian towns, as robustly independent as Delft or Hoorn are over the water in Holland. Oysters and Muscadet at the Oysterage in Orford will bring memories of holidays in Brittany. Then visit Blythburgh church, the cathedral of the marshes, and Dedham and Flatford, where Constable painted, and you know you are still in England.

Stunning churches throughout East Anglia beat anything Brittany offers. They rose from the profits of the Middle Ages' wool trade. Often, the village has disappeared, leaving a powerful ghost in a church you see for miles across the low ground. And, for the mystery of it all, read *The Nine Tailors* of Dorothy Sayers, who grew up in a Norfolk rectory.

Church crawling becomes a major sport and a diversion from beach holidays at Great Yarmouth or at Brancaster and Blakeney, on the north Norfolk coast, which became popular when Edward VII, as Prince of Wales, rebuilt Sandringham. Today, the towns and villages boast good shops and restaurants. The delicatessen in Cley-next-the-Sea, near Blakeney, sells fresh pasta and, in a shed in a Blakeney garden, lurks a second-hand book shop of rare quality.

Norwich is the heart of its county. Treats in town are the Castle Museum with its collections of John Sell Cotman and Lowestoft china and, for something more piquant, the Colmans Mustard Museum. Then, go out to the University of East Anglia to see its campus, designed by architect Denys Lasdun. The jewel is Norman Foster's 1975 Sainsbury Centre for the Visual Arts, and its modern art. It began as a resplendent aluminium and glass palace that shone in the sun, but lost some of its gleam two years ago when white plastic panels replaced the aluminium because they leaked. It continues to be worth the journey.

Trains to East Anglia are good, as are the main roads (but watch the juggernauts). The A12 from London speeds up to Ipswich, Lowestoft and Great Yarmouth, and the M11 and A11 to Norwich. Across country to the Midlands, the soon-to-be-completed A45 leads from Felixstowe to Bury St Edmunds, Cambridge, Northampton and Coventry. In a tiny, remote Norfolk village, the big world is still near.

House prices soared late in the 1980s, especially in Norfolk from the impact of the M11, and have fallen as dramatically – to 40 per cent below the levels of four and five years ago. Agents have accustomed vendors to the realism of reduced expectations. But that looks to be changing. Demand is picking up, and there are more serious buyers with cash who are tiring of temporary living in a flat.

If confidence really is returning, prices should harden. But Norwich remains affected by employment worries, as Bidwells reports in its quarterly review; this could hold back recovery. All agents agree, though, that they want new instructions to sell – at sensible levels – and foresee that there might not be enough houses for sale to meet the demand. It is a problem in East Anglia that while there are splendid properties in all price ranges, there are not so many of them as in the rest of the country.

Heveningham Hall, much discussed in the media last year – and "the grandest Georgian mansion in Suffolk," according to art historian Sir Nikolaus Pevsner – remains unsold and still has a guide price of £4.5m (from Knight Frank & Rutley and Savills).

New on the market is a more modest mansion: the 16th-18th century, brick, Grade II Narborough Hall near Swaffham, which comes with an ice house, cricket ground, two lakes, a boat house, lordship of the manor and 79 acres. What more could you want for around £800,000? (from Knight Frank & Rutley). Unless, that is, you wish to spend £500,000 less and buy Narside (through Bidwells in Norwich).

This looks as if it were the dower house of the hall and has the mill leet (the channel taking water to a mill) in the grounds. A bridge spans the leet and has a bench where you can watch the water flow by, or fish for trout.

Still on the grand side are Irmingland Hall and its estate 16 miles north-west of Norwich (£1.4m from Strutt & Parker); and Sproughton Manor, near Ipswich, a Victorian house for around £450,000 (from Carter Jonas) and designed to impose – as was an Elizabethan counterpart, The Hall at Burrough Green, near Newmarket (around £375,000 from Hamptons).

The double bow-fronted, late-Georgian old rectory with 29 acres at Hitcham, near Stowmarket, recalls the social position of the clergy (around £600,000 from Bidwells in Ipswich).

In the humbler vernacular of half-timbering are the same agent's pink-painted Aspen Grove at Assington Green, near Sudbury (around £250,000); and, with thatch, The Walnuts in Wattisfield, near Diss (around £179,000).

Carter Jonas offers The White House – which is white and looks like three cottages joined together – at Foxhall, just outside Ipswich (£238,000); and a flint and brick farmhouse at Woodbridge (£197,500). Jackson-Stops is selling the flint and brick Victorian Gothic Gazeley Mill Cottage near Newmarket (£129,000), and the truly ancient Old Hall at South Wootton, near King's Lynn (£220,000, down from £240,000). Frost offers the charming Grade II, pink, half-timbered Corner House in Kersey, near Hadleigh (£175,000).

Curlews, on the edge of Blakeney, is a brick, flint and thatch house overlooking the salt marshes (Bidwells in Norwich, £275,000). The Georgian Rosalie Farm is just six miles from Newmarket and has three paddocks (Bedford, £395,000). In Norwich, Strutt & Parker is selling two Georgian brick houses in The Crescent (£215,000 and £225,000).

Two unusual names are Mausoleum House in Felsham, near Bury St Edmunds, which has been in the same family since it was built in 1780 (Brown, £195,000); and Sally Beans on the edge of Cromer (Strutt & Parker in Norwich, £99,500). And for a truly unusual house (or, perhaps, four flats), there is the converted Redgate Water Tower at Hunstanton, a 1912 Norman keep in red brick. From its Astroturfed roof garden, you can man the battlements. Jackson-Stops is asking £200,000 as a whole or £100,000 for the penthouse on the top two floors.

■ *Further information from: Bedford, Bury St Edmunds (0284-769 999); Bidwells, Ipswich (0473-611644) and Norwich (0603-763 939); William H. Brown, Bury St Edmunds (0284-762 131); Carter Jonas, Ipswich (0473-212 656); Frost, Hadleigh (0473-823 456); Hamptons, Bury St Edmunds (0284-767 338); Jackson-Stops, Newmarket (0638-662 231); Knight Frank & Rutley (071-629 8171); Savills (071-499 8644); Strutt & Parker, Ipswich (0473-214 841) and Norwich (0603-617 431).*

The face behind the distortion

*Distraction was the name of Bacon's game, not shock, says **Anthony Curtis***

IN ONE of his *Interviews with Francis Bacon* (new edition 1979) David Sylvester asked him about the recurring image of the Crucifixion in his painting. The painter said that the Cross was only a convenient "armature" for different forms, and denied that it had any religious significance in his work although the outline treatment, he agreed, was derived from Cimabue. Bacon saw the whole subject as "just an act of man's behaviour, a way of behaviour to another".

This reply led Sylvester to probe further: why, if that was so, did an aura of religion hang over several other paintings, such as the famous series of popes with their origin in the portrait by Velasquez of Innocent X. This prompted Bacon to make a distinction between being a painter in a period when the Christian faith was a part of the culture out of which the work came and being a painter now, when it was not.

THE GILDED GUTTER LIFE OF FRANCIS BACON
by Daniel Farson
Century £17.99, 273 pages

"You see [Bacon continued], all art has oow become completely a game by which man distracts himself; and you may say it has always been like that, but now it's entirely a game. And I think that that is the way things have changed, and what is fascinating now is that it's going to become much more difficult for the artist, because be must really deepen the game to be any good at all".

What is so sbocking in Bacon's work to the spectator – the distortions of tbe human face into the blurred grotesquerie of his portraits, the ripping open of the human body where the innards are repulsively exposed, and tbe gestures of suffering transmitted in screaming countenances – is that all of these were for Bacon simply various ways of "deepening the game".

The artist remains neutral, dispassionate, unaffected by these borrors. If anything he sees an aesthetic beauty in them, just as he loves the tonal beauty of the reds of the slaughtered carcasses hanging in a butcher's shop. And now in the recollections of Daniel Farson who, as a drinking pal and fellow-roisterer over 30 years, knew Bacon well, a similar attitude – of deepening the game while standing aloof from it – emerges throughout Bacon's life.

This book of Farson's is not any kind of formal biography, rather an extended piece of anecdotage, placing Bacon firmly in his natural habitat, the world of the Soho pubs. It is slight but readable, some of it re-cycled from Farson's *Soho in the Fifties*; but the same story told many times is an endemic feature of Soho society, and the book certainly gives a revealing and lively view of Bacon as he appeared to his bar-stool chums.

He gravitated to Fitzrovia early on, when he arrived here from Ireland where he had heen brought up by his father, a horse-hreeder; or rather by the latter's groom and stable-lads who indoctrinated him into bomosexual sex. In the frenetic days before the second world world in London, Bacon was a struggling, penniless, obscure, gay young artist, working briefly in tbe rag-trade. What is remarkable is how loyal Bacon remained for the rest of his long life not to any particular individual (be was ruthless about ditcbing ex-friends and ex-dealers) but to the Soho pubs-and-clubs milieu.

Most artists leave their youthful baunts behind them when they become rich and famous, but not Bacon. He was still to be found at Muriel Belcher's The Colony Room ("little more than a small and shabby room with a lavatory and a telephone at the back") or the York Minster ("the French pub" after its proprietor, Gaston Berlemont) even when his paintings were on sale for telephone number sums at the Marlborough Gallery, many of them to be snapped up by the Tate or the Museum of Modern Art in New York. A sprightly octogenaraian, be died just over a year ego, leaving his entire estate worth around £10m to his long-standing boyfriend.

Bacon had a great contempt for money but luckily, from around 1950 onwards, was never short of it. A few weeks ago I reviewed a biography of Maurice Cbevalier which revealed bow he would go to extraordinary lengths to avoid paying a restaurant bill even after he bad become a millionaire. Bacon was just the opposite. He *always* paid for the drinks and for tbe meal afterwards and became angry with anyone who tried to do so instead.

It was, Farson tells us, the custom for him to say at the end of a beavy Soho drinking-session, "let's go " – at which point four or five of tbem would repair across the road to Wheeler's fisb restaurant in Old Compton Street where they would tuck into plates of oysters wasbed down with champagne, all paid for by Bacon (eventually). Tbe book contains an interesting photograpb from the 1950s of Bacon at his regular tahle there, surrounded by fellow-painters including Lucian Freud and Frank Auerbach, but the company was not usually quite as distinguisbed as that.

Bacon's well-known passion for gambling – he was an habitué of casinos in the South of France – appears as an offshoot of this same uninhibited attitude to money. Farson follows him abroad to the green haize pastures, enumerating some of his very large wins and equally large losses. It was all part of trying to get the maximum kicks from each lifelong minute with no thought of the consequences.

This attitude extended to his own work. He seems to have had a distaste for much of that too. Yet he was a tireless worker, making full use of the early morning from six onwards, capable of painting his way doggedly tbrougb some almighty hangovers; hut, having spent weeks finishing something, be would frequently destroy it because it displeased him. Farson describes how Bacon once saw in the window of a Bond Street gallery a portrait he had done of a friend who had stolen it from his studio. He wrote out a buge cheque for it, and then stamped it to extinction on the pavement outside.

I once met him and can vouch for the captivatingly ebullient, fearlessly spontaneous manner of which Farson gives many examples. Farson says that Bacon rarely talked about Ireland and his background hut strangely enough on this occasion he did. He tried to define the Irish attitude to sex, which he described as being in a large measure "the immorality of the month" by which I understood him to mean talking about it rather than actually doing it. That, one gathers from Farson, was not something of which Bacon himself was guilty.

FT Children's Book of the Month

Fantasy kingdom in scrambled centuries

CHILDREN have an appetite for fantasy that is largely lacking in adults. That much is a truism. But why? Because fantasy feeds the child's own appetite for the freest and the wildest kind of speculation upon every aspect of the mystery of the life into which it has just been catapulted.

That is not to say, however, that successful fantasy does not depend upon rules. On the contrary, rules are of the essence. Good fantasy – Mary Norton's *The Borrowers*, for example, or *Alice* – may distort life (by a trick as simple as enlargement or miniaturisation, for example) bnt it also oddly mirrors it. Its truths are queerly, subversively true. Values and anti-values intermesh in provocatively interesting ways, and *it is all to the good if* (as in *Alice* again) the "real" world that a book has been oddly mirroring reasserts itself at the end of all that speculative travelling. And this is precisely what happens in *The Crown of Dalemark*, the fourth and final book in Diana Wynne Jones's *Dalemark* cycle of novels.

THE CROWN OF DALEMARK
by Diana Wynne Jones
Mandarin £3.99, 494 pages

Diana Wynne Jones has been limning the features of the imaginary kingdom of Dalemark for almost 20 years. The first three books in the cycle appeared relatively close together, between 1975 and 1979, while this fourth and concluding novel (which is also, incidentally, the longest by far) has occupied her intermittently for the past ten years. The chronological span of the quartet is enormous – from the pre-history of the kingdom to its present day – but our attention is by no means equally divided amongst the different historical epochs.

The quartet begins with *Cart and Cwidder* (Mandarin, £3.99) which is set in the South of the country sometime in the 18th century, and it describes the time-bonoured role of the mysterious Singers, an ancient race of itinerant musicians who are able to travel freely between the North and South of the country: public performers, but also custodians of many old customs, sayings and beliefs. In this book we learn one of the most important facts about Dalemark itself: that the country, once ruled hy a king, is now divided between the North and the South, and that within each of these separate parts there are a number of warring earldoms.

The second book, *Drowned Ammet* (Mandarin, £3.99) which is set in the Earldom of Holand (also in the South), is almost entirely taken up with an account of the growth to maturity of one young boy, Mitt, whose father is killed in a bopeless attempt to overthrow Earl Hadd, the tyrannical ruler of the country. Mitt vows to assassinate him, and when be fails be is obliged to flee North by sea.

The third book, *The Spellcoats*, plunges us back into pre-history. Tanaqui the weaver and her family, all natives of the village of Shelling in the prehistoric Riverlands kingdom of Dalemark, are suspected by the rest of the villagers of being in thrall to some evil influence that has set a blight upon the village and its life; when the great flood arrives, the family flees downriver to the sea. At this stage in its history, Dalemark is under threat from invading Heathen forces.

The fourth book, *The Crown of Dalemark*, pulls the various strands together. Mitt, now a fugitive in the North of the country, is ordered to kill a young unknown woman in order to safeguard the lives of his friends. That unknown woman, he discovers, is no less than the person who has been chosen to reunite the ancient kingdom of Dalemark by riding the royal road to Kernsburgh: Noreth Onesdaughter.

But there is n pleasing shock in store – on page 61 of this last book, after we have thoroughly immersed ourselves in the alternative world of a fantasy kingdom that has been constructed so painstakingly, detail by detail, over almost 900 pages of prose, we find ourselves in the company of *Maewen, a teenage girl on a* train in the present, who is travelling to meet her father, Head Curator of the Tannoreth Palace, the royal palace that stands in the old part of the new town of Kernsburgh. According to him, Maewen is related to Amil the Great, the old king that built the palace, through her mother's line.

And when Noreth Onesdaughter is brutally murdered, it is Maewen who is called back to the past as a substitute in order for the history of the kingdom to run its appointed course. And why Maewen anyway? Can it be more than the fact that she is Noreth Onesdaughter's spitting image?

This is Wynne Jones at her most inspired – scrambling the centuries, gyrating the real and the unreal, the "fantasy" of the past and the "reality" of the present, at such a speed that everything merges in a delicious miasma of one's own imaginings.

Michael Glover

Small wars, millions dead: who cares?

"Rhodesion born, Rhodesion bred, strong in arm, thick in head".

This disparaging ditty appears in *Rhodesions Never Die*, a fascinating and learned analysis of the tribe to which I belong, albeit as a renegade member.

Strong of arm, certainly. At one stage Rhodesia had enough cricketers in English county sides to have made up a decent Test XI. Not so thick in head. Those wbo have made their intellectual mark ahroad include the former editor of *The Economist*, a senior member of the British government, and a host of businessmen, writers and academics. Not bad for Surbiton in Africa.

Nevertheless the ditty could well serve, broadly speaking, as the conclusion to a demolition of the myths and delusions which sustained white Rhodesia in the 1970s. Also revealed is the skullduggery and rivalry in the ranks of the security forces during the last days of white rule. The remarkable transition to peace and independence in 1980 was closer to disaster than most people realised.

Much of the tribe is now scattered around the world, a harmless post-colonial diaspora. A contact magazine offers nostalgia, army memorabilia, and the news that Jock and Hazel, ex-Fort Victoria, offer a bed and heer to "Rbodies" passing through Vancouver. Yet for nearly 15 years Jock and Hazel and their like defied the world. Never more than 275,000 of them, and outnumbered 15 to 1 by blacks, they were eventually ground down by sanctions and a guerrilla war.

Over 20,000 people died – 468 white and 7,790 black civilians, 1,361 members of the security forces (just under half of them white) and 10,450 guerrillas. By comparison South Africa is getting off lightly. Apartheid's death toll over the past decade is under 10,000. On a deaths-to-population ratio, Sonth Africa would have to endure 120,000 fatalities before reaching a settlement.

The Unilateral Declaration of Independence in 1965 brought out the best and the worst of white Rhodesia, caught up in the myth of a frontier society of pioneer stock which defended Christian values. Most were not Rhodesian-born; the majority were immigrants, as Godwin and Hancock point out. But they kept Morris Minors on tbe road, and Viscounts in the air, longer than anyone thought possible. They broke sanctions with ingenuity, and either manufactured what they formerly imported, or managed without.

RHODESIANS NEVER DIE
by Peter Godwon and Iau Hancock
Oxford £35, 400 pages

SMALL WARS, SMALL MERCIES
by Jeremy Harding
Viking £18, 442 pages

HIGH NOON IN SOUTHERN AFRICA
by Chester Crocker
W W Norton $24.95, 384 pages

The dark side is that white Rhodesia tortured its enemies, executed jailed guerrillas in secret and lacked the decency to tell next-of-kin, and compulsorily regrouped thousands of peasant families in "protected villages" which became urban slums.

All this was known. Other truly terrible deeds have since been revealed. Ken Flower, Smith's intelligence chief, recruited a black cburch minister to supply poisoned clothing to youngsters who thought they were joining the guerrillas. Hundreds died a horrible death; Flower had the minister assassinated to avoid exposure, but recounts the tale in his autobiography. As Donal Lamont, the deported Catholic bishop observed, white Rhodesians became moral pygmies, and Godwin and Hancock put them under the microscope.

It was Flower and his colleagues who helped cultivate civil war in neighbouring Mozambique, one of the African battlefields so vividly and intimately covered by Jeremy Harding in *Small Wars, Small Mercies*. Rhodesia helped arm and train Renamo, retaliation for Mozambique's support for guerrillas. Harding picks up the story from later on, when Flower's work had been taken over by South Africa.

Mozambique became part of the front-line in the hattle against apartheid, as did Angola, also on Harding's itinerary. If one takes their death tolls into account, the cost of ending white rule in Southern Africa is measured in the bundreds of thousands.

His account is not a catalogue of despair, however. Whether in Eritrea or southern Africa he finds an extraordinary resilience, "people contriving to live beyond the wars, or in spite of them." Harding draws on his own expertise, but one of the merits of his book is that he lets Africans do most of the talking.

Small wars, millions dead: who cares? For a while Washington did. Patient, skilful diplomacy by Chester Crocker, the US assistant secretary of state for Africa for much of the 1980s, extricated South Africa and Cuba from their entanglement in south-western Africa. With the vital help of Moscow, the process secured independence for Namibia and also paved the way to what should have been a lasting peace in Angola.

Crocker moved on in 1988 and began writing what is an engrossing and invaluable handbook on diplomacy in southern Africa. The tragedy is that the book came too late to instruct his successors under President Bush. The lessons it contains have been ignored. Washington bears as much of the blame for the disaster in Angola today as the hapless United Nations monitors.

Michael Holman

Paris killed off by academia

BERNARD Shaw's aphorism about England and America being separated by a common language certainly applies to literary criticism. J. Gerald Kennedy's *Imagining Paris* is a case in point.

The idea is interesting enough: that the reason why Paris has attracted so many American writers has had more to do with what the city represented than what it actually was. Between Henry James' ecstatic account of reeling through the streets and Mary McCarthy's decision to settle there after the Second World War, a large number of American writers have testified to the impact of Paris on their lives and work. Professor Kennedy chooses three of them: Gertrude Stein, Ernest Hemingway, and Henry Miller. An additional chapter under the heading of "Modernism as Exile" deals briefly with Scott Fitzgerald and Djuna Barnes.

IMAGINING PARIS: EXILE, WRITING AND AMERICAN IDENTITY
by J Gerald Kennedy
Yale £25, 269 pages

Fair enough. This, after all, is what every American graduate student is taught to do. First, choose your topic, then confine it to a limited number of authors. Too many details about too many writers would arouse the antagonism of the examiners. So ignore Edith Wharton and Ezra Pound; ignore John Dos Passos, HD, William Carlos Williams, and Thomas Wolfe; ignore Sylvia Beach. Point Two: never venture your own opinion; always quote authorities.

The result is a dullness beyond belief. I should know. For many years it was my lot to review the hundreds of books about American literature which pour from the university presses every year. All of them followed the same pattern whether they were called *Imagining Paris* or *The Fine Hammered Steel of Herman Melville*. One would have thought that by the time American academics had reached Professor Kennedy's maturity they would have shaken off their shackles. But no. The habit is too ingrained.

But there have naturally been exceptions. F.O. Matthiessen, Henry Nash Smith, Perry Miller, Lionel Trilling and Yvor Winters are examples of American academics who have been bold and talented enough to move from methodology to idiosyncrasy. But it is perhaps significant that the most brilliant of them all, R.P. Blackmur, never went to university at all, and Edmund Wilson kept well away.

None of this would matter very much if the products of American scholarship were confined to the academy for in-group seminars, but sometimes they are unleashed on the general public. Not that one should be too hard on Professor Kennedy. He obviously hasn't a clue that he is doing anything out of the ordinary.

And indeed he is not. In the time-honoured fashion he trundles out one opinion after another. A Joshua Meyrowitz proclaims that television, "that most insidious instrument of post-modern culture," has deeply undermined our sense of place. Leonard Lutwack has remarked that we lack a theory of the formal use of place in literature. Edward Relph speaks of places as focuses of intention. Yi-Fu Tuan believes that place is a concretion of value. And so on. Yet, beyond this nonsense, there is much to commend in Professor Kennedy's study.

He succeeds best where he follows the text. The Stein material comes to life as he describes Stein and Picasso embracing when they discover that the Germans have not touched Picasso's precious canvases. Henry Miller's preoccupation with images of birth and the female genitalia is (naturally) referred back to his childhood. Hemingway's latent homosexuality is also traced back – in this case to the fact that his genteel mother in Oak Park dressed him in girls' clothes. Very little of the material is original, but it is neatly brought together. So, if the reader can gloss over Professor Kennedy's authorities, there is enough to reward him in this oddly schizophrenic book.

Geoffrey Moore

Chinese gamble over Hong Kong's future

HONG Kong is such an amazing freak of history and the game over its future is such a gamble and so uncertain that it is surprising there are not more books written about it. One reason, no doubt, is that the story does not stand still long enougb for anyone to write a book which is not going to be overtaken hy developments long before it is published.

Robert Cottrell, in *The End of Hong Kong*, solves the prohlem hy ending the narrative in 1984. This gives the book a better shot at longevity, but a smaller claim to relevance. The book details every step of the complex quadrille danced by diplomats from Peking and London in the early 1980s, leading to the 1984 Joint Declaration under which China will take back Hong Kong at midnight on June 30, 1997.

As a reference work on the era, it is excellent. Cottrell, a former correspondent of the *Financial Times*, includes some nice insider details from the British/Hong Kong sida which flesh out the story. His description of how, during the confidence crisis in 1983, the government decided to peg the Hong Kong dollar to the US dollar at the rate of 7.80 – which survives today – is fascinating: "There was an initial inclination to set the rale at HK$8, a number which had the additional advantage of being considered auspicious in Hong Kong, because it supplied in Cantonese a near-homophone for 'prosperity'. But Bremridge felt that HK$8 was too simple a number, lacking an appropriate air of scientific calculation. A slightly stronger rate, HK$7.80 was arbitrarily fixed and then published. The peg was in place."

THE END OF HONG KONG
by Robert Cottrell
John Murray £19.99, 244 pages

On the negotiations over Hong Kong'a future, the book lacks the balance of insider detail from the Chinese side. But perhaps there was not much more to say. Thereby hangs the book's biggest problem – the outcome of the negotiations on Hong Kong's future was never in doubt. As a result, much of the detail of the negotiations, while riveting at the time, is irrelevant from a longer-term perspective.

The British began the negotiations in 1982 with the position that Britain had to retain a role in the administration of the territory for it to remain prosperous. That may or may not have been true, hut the point was irrelevant. China's top priority, based on what you might call Opium War psychology, was to take back Hong Kong no matter what the consequences.

Not only was the outcome inevitable, but there is also a chance that the document that resulted, the Joint Declaration, may prove in the long run to be irrelevant, or interpreted by China's current or future leaders in ways entirely contrary to what the British thought they were agreeing to.

As Lord Derwent aptly put it in the debate on Hong Kong in the House of Lords last December: "The problem with the Joint Declaration is rather the same as tbe problem with the Maastricht Treaty. It is so cleverly drafted that it is possihle for the two sides to agree on every word of the text without there being any real agreement on what it means or how it can be applied."

One of the most basic misunderstandings over the years has been over the famous Chinese promise to Hong Kong of "One Country, Two Systems" for 50 years beyond 1997. The Chinese basically meant two economic systems, while Westerners very often assumed they meant two political systems. They didn't.

In a way, the really interesting story begins where Cottrell ends – with the changes unleashed by the Joint Declaration which are transforming Hong Kong from a British colony into a Chinese city. The process is almost complete.

He mentions some post-1984 developments in passing in an Afterword: the flight of money and talent in the late 1980s and early 1990s; the growing economic power of southern China; and Britain's inconclusive flirtations with Hong Kong democracy, before and after the 1989 Tiananmen Square incident, which have landed Governor Chris Patten in the soup. But it is all such a moving target that it is hard to blame Cottrell for ending the story where he does.

Graham Earnshaw

The art of success

Gary Mead on the 35th anniversary of T&H's 'World of Art' series

RARELY does an independent British publisher get to celebrate longevity these days; so many have been swallowed by larger competitors. It is even mora unusual for a publisher to undertake a promotion not simply designed to sell more of its books but which also hopes to prod the general public into an appreciation of the visual arts, design and architecture.

But Thames and Hudson's *World of Art* series is 35 years old this year, and its promotion on May 1 is quite exceptional. The distinctive black paperback collection of more than 130 titles, which eclectically stretches from *Abstract Expressionism* to *Women, Art and Society* is proof that commerce can still be both intelligent and successful.

To commemorate its 35th anniversary, T&H, as everyone knows it, is running a UK-wide World of Art day on Saturday May 1 when visitors to galleries and museums in Belfast, Cambridge, Glasgow, Liverpool, London, Oxford and elsewhere can get two entrance tickets for the price of one.

The only requirement is to carry a copy of a T&H *World of Art* book, new or old. Visitors to galleries and museums which do not charge entrance fees will be able to get discounts on selected items in the gallery shops concerned.

T&H will be donating a percentage from sales of its *World of Art* books to three charities (two art charities and Greenpeace, the latter because of T&H's dolphin logo) between April 19 and May 3. T&H will spending in the region of £50,000 on the promotion. UK and overseas turnover this year will reach about £16m in wholesale prices for the company as a whole.

T&H started life in 1949, established by Walter Neurath, an Austrian who fled Nazi-controlled Vienna and arrived in London in 1938, and his second wife Eva, who remains chairman. Neurath's Fabian-socialist leanings inclined him towards producing high-quality art books at prices within the reach of the general public. He published *English Cathedrals*, T&H's first English-originated book, in 1950. Far in advance of current "New Age" vogues, T&H's list has since its inception been shown interest in exploring not just classical fine arts but also more esoteric visual arts, mythology and what Thomas Neurath – Walter's son and currently managing director of T&H – calls "archetypal psychology".

Among its earliest series was *Myth ond Mon*, about the Homeric gods and Celtic mythology. The new publications for 1993's World of Art series include *Aboriginal Art*, *Buddhist Art and Architecture* and *Latin American Art of the 20th Century*. More than 23m *World of Art* books, in 16 languages, have been sold since the series began.

T&H has prospered since first established. Thomas Neurath says that T&H's relatively small scale is a "very viable model for publishers to stick with." The company is guarded from death duty erosions of its independence by its family trust status. Moreover, T&H regularly makes the top-ten list of booksellers' favourite publishers, because the company has an enviable reputation for sticking to its promises, delivery times and payments, all basic business practices, towards which larger publishers sometimes take a rather more cavalier approach.

That reputation secures a welcome in other markets. T&H has set up a joint venture with a Spanish publisher; it co-publishes with companies in Italy, and Germany; it runs its own companies in Australia, France and the US, and has links with Japanese publishers.

The *World of Art* series is priced very competitively, at £6.95 a paperback, for books crammed with black-and-white and colour illustrations. Given that an ordinary *unillustrated* paperback can cost rather more than that, isn't T&H failing to maximise potential profits? Not necessarily, and Thomas Neurath demurs at the suggestion that T&H is philanthropically inclined. The economics of the World of Art series require that a typical first print-run will be about 30,000, quite substantial given that in the UK today a hardback print-run for a first novel might be as little as 500.

T&H has been hit recently by increased reproduction fees expected by museums and galleries for publishing paintings and exhibits; the estate of Salvador Dali gets a higher royalty for the *World of Art* book on Dali than does its author. Neurath argues that "even if you end up paying £250 for a picture, once you spread it across a first print-run of 30,000 and then the book goes on selling, it doesn't really cramp us hugely. The whole economics is geared to volume."

But with telescoping attention-spans the order of the day, is not Neurath worried that the *World of Art* series, which requires a growing audience of thoughtful readers, might be running against the tide of contemporary culture?

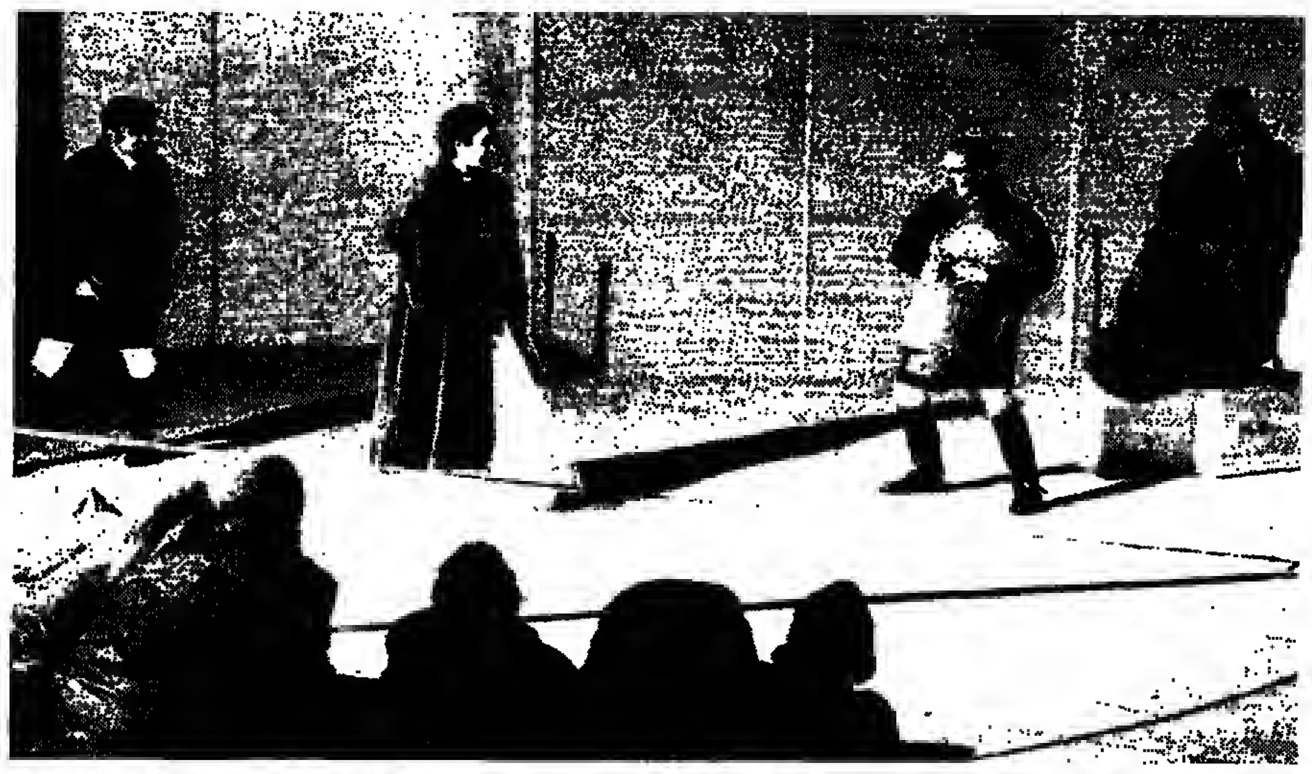
"There are perhaps two streams operating. Not everyone is playing Nintendo games. Perhaps it is a sort of compensation. Short attention span activities are fulfilling up to a point. Eventually people realise that a wider view and a more sustained level of interest may be more important."

The *World of Art* series has become synonymous with well-written, informative and admirably illustrated guides to the finest of art and artists. "The aim we have is to get people who know their subject and can write clearly and in a manner which is free from jargon . . . it's a very affordable and straightforward way of absorbing knowledge. Inexpensive books, which are accessible, open windows for people," says Neurath.

How many publishers today speak of opening windows for people – and even put their words into practice? That in itself is cause for celebration.

Beyond the North Winds

Max Loppert hails Birmingham Touring Opera's new production of Rameau's 'Les Boréades'



First professional production of Rameau's masterpiece: Peter Snipp, Anne Dawson, Alasdair Elliott and Jonathan Best in Graham Vick's staging

BIG OPERATIC excitements are being unleashed in Birmingham. In five packed years of existence City of Birmingham Touring Opera has established a sharp-profiled artistic identity with its chamber-operatic versions of *Boheme*, *Flute*, *Falstaff* and a two-part *Ring*-cycle abridgement, all by the company's artistic director, Graham Vick. Now the company credo is being tested to the limit with a Rameau opera – *Les Boréades* (1764), last in his series of *tragédies-lyriques*, re-named *Beyond the North Winds* in Amanda Holden's new translation.

The adventurousness of the undertaking needs to be underlined: this is no boiled-down CBTO *Boréades* production but a full-strength affair, with a 21-person period-instrument orchestra, a chorus of 15 and a dance-troupe of 12. What is more, it proves to be – shaming fact! – the first full-length Rameau opera production by any professional British opera company. Up to now this composer has been given solely in concert performance, in the pioneering "historical" revivals of the English Bach Festival, and in student stagings.

The small Birmingham company ventures lightfootedly where Covent Garden, with its opera and ballet companies on call, has so far feared to tread. There is, of course, a reason for such reluctance on the part of the big companies: the demands of the *tragédie-lyrique* form for highly organised, intricately interlaced patterns of song, dance and visual spectacle.

Rameau stage-works do not play themselves. Part of the boldness of this new production comes, as it were, with the CBTO territory: a company whose policy is to perform in out-of-the-way venues to audiences of multifarious makeup must find a way of re-creating *Les Boréades* in terms of widely appealing modern stagecraft. Vick and his production associates (designer Paul Brown, choreographer Ron Howell) have managed this with enormous imaginative daring and zest. The choice of Birmingham performing space is itself an element in the risk-taking – the Mayfair Suite, an unused, decaying reception hall in the city's central shopping mall, forms a wonderfully loucbe, provocative backdrop to these fantasticated high-caste rituals of the courtly French lyric theatre.

The tale of the re-discovery of the last Rameau opera has been told on this page more than once. This latest episode in that tale is designed to demonstrate in a new way what an astonishing piece of music-theatre it is.

In *Les Boréades* Rameau welded the minutiae of the *tragédie-lyrique* format into longer spans of "cumulative" music-drama than he had created before, cutting across formal convention and dazzling the ear with melodic inventions and instrumental combinations which further that dramatic condensation process. The libretto (probably by Cahusac) offered him choice opportunities for confronting opposed worlds of Greek mythology, decadent Bactrian aristocrats versus noble followers of Apollo, and for posing an heroic rescue quest as the central burden – at times the hieratic rites of Mozart's *Flute* and the Romantic dramaturgy of Weber and Wagner seem only a step away.

A square white platform, framed at the back with sliding panels and a raised eyrie for the orchestra, with a revolve at its centre, forms here the foundation of Vick's re-invented Ramellian music-drama. Tuxedos and ball-gowns out of 1950s movie musicals clothe the Bactrians, saffron scarves and linen baggies the Apollonians. The "marvellous machines" of 18th-century theatrical practice are supplied by sleight of hand and skilful (even if on Wednesday prey to computer-board dysfunction) lighting.

In sum, this is pocket spectacle, worked up with impudent wit and keen colour-contrast which nevertheless suggest an understanding of and sympathy for the original. As yet it does not gel all the way through. Alastair Macaulay will shortly be reviewing the dance elements; for myself, I found the modern dance language sensitively forged – while the earlier dance divertissements look cluttered and lacking in strong, spare dance imagery, the finale is beautifully clean and joyful.

The disposition of orchestra and singers to widely separate levels, bravely handled by all participants, puts a damper on rhythmic flair, that key Rameau characteristic. Simon Halsey, the conductor, seems in any case to favour a rather jog-trot-ish approach to tempo choice; in these spaces the instrumental sound was too ofteo dulled and out of tune. The main shortage, I would suggest, is of vocal virtuosity: the CBTO cast are all capable young singers, practised in a wide range of operatic styles, but note-for-note precision of placing is in short supply, and verbal clarity is even scarcer – only Jooatban Best (Adamas and Boreas) and Peter Jeffes (Apollo) make anything at all of the Holden translation.

All this said, the whole achievement is exhilarating. Debussy, a Rameau *appassionato*, ended an appreciation of a 1903 *Castor et Pollux* revival with an apology for doing so at such length – but "moments of real joy in life are rare". Since this *Boréades* provides an abundance of those moments, I now echo the Debussy apology.

CBTOpera at the Mayfair Suite, Birmingham this Saturday; then oo tour to Salisbury, Coventry, Nottingham and the Brighton Festival

Fiction

Dangerous obsession

WRITERS are often offered stories by strangers. When Ruth Prava Jhabvala is asked by a distraught old woman to write her daughter Angel's story, she is dubious but not surprised; though she knows too little about the girl to make a biography possible, and there are few papers, letters or tangible remains.

I am not sure that the mixture of fact in this prologue and fiction in the rest is needed. A novel without pretence of factual authenticity seems perfectly in order and indeed one plunges into it with immediate belief and commitment. It deals with love as obsession, in human terms as madness: the total devotion of saint to sinner, of innocence to depravity. Angel and Lara, first cousins, are as diverse as two people can be. To say that Angel is plain and good, Lara electrifyingly attractive and bad, is too simplistic. Lara is not just capricious, promiscuous, impossible, but sick, identifiably mad.

Beside that, Angel's mystical sense of Lara's importance is an "absolute" emotion, making a relationship like that between worshipper and deity. Angel sacrifices everything for Lara – her own beloved mother, her close friend, her way of life, finally life itself. The story is told with great clarity, beauty and strength; it echoes much else, means more than it says, has resonances which have something, but not everything to do with style. It shows Ruth Prava Jhabvala at her peak.

Breach Candy is a first novel full of zip and promise. Two narrators alternate in telling their parallel tales: June, a ballet dancer and Stanley, a director of television programmes, both, after burning their professional hoats in England, have landed in Bombay, neither knowing quite which new way to take. In the Nepean Sea Bathing Clnb for ex-pats they meet, become friends, exchange confidences, talk of things never told before. He, of how he left his world at the age of seven, when his parents were killed in an accident; she, of how she failed on the night she was given her first starring role in ballet and never got a second chance. He tells, too, how the girl he loved betrayed him; is physical betrayal which doesn't mean much, worse than unphysical infidelity which does? As they say on exam papers, discuss.

The future of fiction seems in good hands when a first novel packs so much in and at the same time leaves plenty over. There is fizzy dialogue, varied and sharp; an ear for English as spoken by Indians, not at all Peter Sellers-style; a powerful sense of weather, heat, physicality; an intimate knowledge of ballet and how things are done in it, an equal familiarity with India. The ending seems abrupt, but never mind. Much more must lie ahead.

Strangers thrown together in stress or danger is a favourite fictional device, heightening feeling, speeding up relationships, magnifying everything; there are plenty of models. Hostages after a forced landing is the obvious present-day example. In Penelope Lively's *Cleopatra's Sister* they are seized in a Middle Eastern country where a Gadaffi-like dictator has just taken power. His enemies, having fled to Britain, be grabs the British passengers on a flight to Nairobl. Swap my enemies for them, he tells the British government. In the mounting horror and occasional hysteria, two people fall in love, and their subterranean happiness in spite of all the rest is credibly put across. The modern capital city, where Cleopatra's sister is said to have ruled, is gruesomely vivid, and its regime of capricious terror seems sinisterly familiar.

Isabel Quigley

POET AND DANCER
by Ruth Prava Jhabvala
John Murray £14.99, 199 pages

BREACH CANDY
by Luke Jennings
Hutchinson £14.99, 254 pages

CLEOPATRA'S SISTER
by Penelope Lively
Viking £14.99, 282 pages

The RA'S white knight steps down

Simon Tait talks to Roger de Grey, 75 this week

HIS name makes him sound like a knight in *Murder in the Cathedral*, ritually hacking away at the Becket metaphor for innovation and change, but Sir Roger de Grey is not that. On the contrary, he is a modern-minded traditionalist who abhors conflict.

This week he was 75 and, according to the rules of the Royal Academy of Arts of which he has been president since 1984, he must retire in December. According to Tom Phillips, who could succeed him, he has completed the institution's transition from a gentleman's club for old artists to one of the worlds' great exhibition centres and brought to the membership a contemporary relevance missing for at least a century.

De Grey has won over the likes of Hockney and Kitaj, who had thought the place an irrelevance; he has encouraged innovators like Peter Blake; and he has invited non-members to exhibit. He abolished the Associateship, an apprenticeship which many accomplished artists found offensive. He probably saved the place from closure; and be certainly preserved one of the Academy's founding pillars, the Summer Exhibition, and restored the reputation of the other, the Academy Schools.

De Grey looks anything but the sinister eminence grise his name conjures: a slight figure clad in jacket, slacks, button-down shirt and knitted silk tie in colours reminiscent of the gentle French Cézannesque landscapes he paints. He is a doughty combatant for his students, and will continue as principal of the City and Guilds art school.

The history of the Academy is full of schisms, rows and cabals. Constable and Gainsborough both withdrew from the Summer Exhibition; Spencer, Sickert and John all resigned; and in 1990 Caro refused to join. The biggest presidential row was in 1949, caused by Alfred Munnings's refusal to accept that Picasso, Matisse and Moore were worth consideration.

Tom Monnington's ten-year presidency which ended in 1976 began the rehabilitation which was continued by the ebullient Hugh Casson. But Casson was an architect, and it needed a painter to bring the painters across. For 20 years de Grey had taught at the Royal College of Art, and was part of the RCA underground in the 1950s and '60s which wanted to reform the Academy. Treasurer throughout Casson's presidency, there was no surprise when he was elected on Casson's retirement. Still, he did not really want to be president. "I'd never had a job where I bad to be a public figure, and this was a job in which you had to be one. If yon couldn't become one you'd failed. I said 'I'm not a speaker, I'll just say what I think', and I did. Sometimes it works."

The principal anxiety was how to keep the Academy open all year, and his solution has been his single most visible contribution – the Sackler Galleries. The Royal Academy has no grant and its loan exhibitions were becoming its main source of income. But owners of important pictures were increasingly conservation conscious, and by 1988 the state of the air conditioning in the galleries was putting them off.

The rarely used Diploma Galleries were the obvious place to start and he launched the academy into a massive £10 million scheme to join the RA's two separate buildings together, unify the Victorian incursions and introduce modern atmospheric controls, display space and access in architect Norman Foster's prize-winning design. De Grey got sponsorship after chatting to the millionaire Arthur Sackler on a bus between New York and Philadelphia.

There was not universal approval, but wiooing this year's RIBA architecture award was a vindication and there is a oew appeal for £7.8m to npdate the main galleries.

There is plenty of ritual at the RA, not least with the selection of the Summer Exhibition which has just begun. De Grey saved the Summer Exhibition, which by 1977 had become a financial liability, by pushing through commission, 15 per cent at first and now up to 30 per cent, which provided essential income.

But some RAs want the Summer Exhibition abandoned and replaced by an RAs' show because they are worried about their work getting lost among the 1,200 other works submitted: de Grey suggested having one alongside the Summer Show, a notion which threatened to become divisive and was dropped. Now Allen Jones has raised it again.

That they can rationally discuss setting aside for the good of the art an institotion enjoyed by upwards of 120,000 people each year, even temporarily, is owed to the white knight chairing the round table. "Roger de Grey is simply the best president this century" said Tom Phillips.

Dancing to independence

DELICATELY, Birmingham Royal Ballet is beginning to detach itself from its parent at the Royal Opera House. Quietly pushed by the Arts Council, over the next year it will work out a formula for autonomy which will then be presented to its main financial supporters, the Arts Council and the Birmingham City Council.

Peter Wright, the director, said this week as he announced the programme for 1993-94, the fourth season since the company changed its prefix from Sadler's Wells to Birmingham, that the move to independence was "bound to happen" but "we have to proceed with the utmost caution."

Certainly he is not interested in rivalry with the Royal Ballet in London. There is too much joint experience and joint reliance on the Royal Ballet School for the next generations of dancers, oot to speak of a joint collective memory held in past productions, for a simple cut to the umbilical cord.

Wright held out the possibility of a new Royal Ballet School in Birmingham but made it clear that it must be associated with the existing school in Richmond.

The formula for autonomy then is likely to involve the use of the Royal Opera House as a services centre, with BRB buying what it needs – a system roughly akin to independent rail companies paying British Rail to use established track. But such a formula may be easier to devise than to bring into operation. It presupposes that the BRB can pay its way. And that is by no means sure. In the 1992-93 financial year it received an Arts Council subsidy of £4.7m and a Birmingham City Council grant of £980,000, both increased from the year before.

For all that, BRB still ended the year with a £232,000 deficit, absorbed in the Royal Opera House accounts. This year, though, the Birmingham City Council grant is down to £850,000 and Wright warned that "funding from the Arts Council may be going downwards rather than upwards."

Reduced grants and the absence of a parent would put BRB in a financial trough. BRB's administrator Derek Purnell said the City "is reluctant to agree to a formula of deficit; it wants it to come with a clean sheet." BRB's independence is thus likely to involve more corporate sponsorship unless it falls back on an endless diet of theatre-filling Tchaikovsky ballets.

Paul Cheeseright

A royal feast of Canalettos

Susan Moore reviews the exhibition at the Queen's Gallery

HORACE Walpole disparagingly referred to Joseph Smith as "the merchant of Venice". It is a soubriquet that fails to do justice to a singular personality who combined the taleots of banker and British Consul, bibliophile and publisher, art agent and collector. He amassed the finest array of Canalettos ever and it is our good fortune that he sold it – along with other outstanding paintings, manuscripts, drawings and prints – to the young George III.

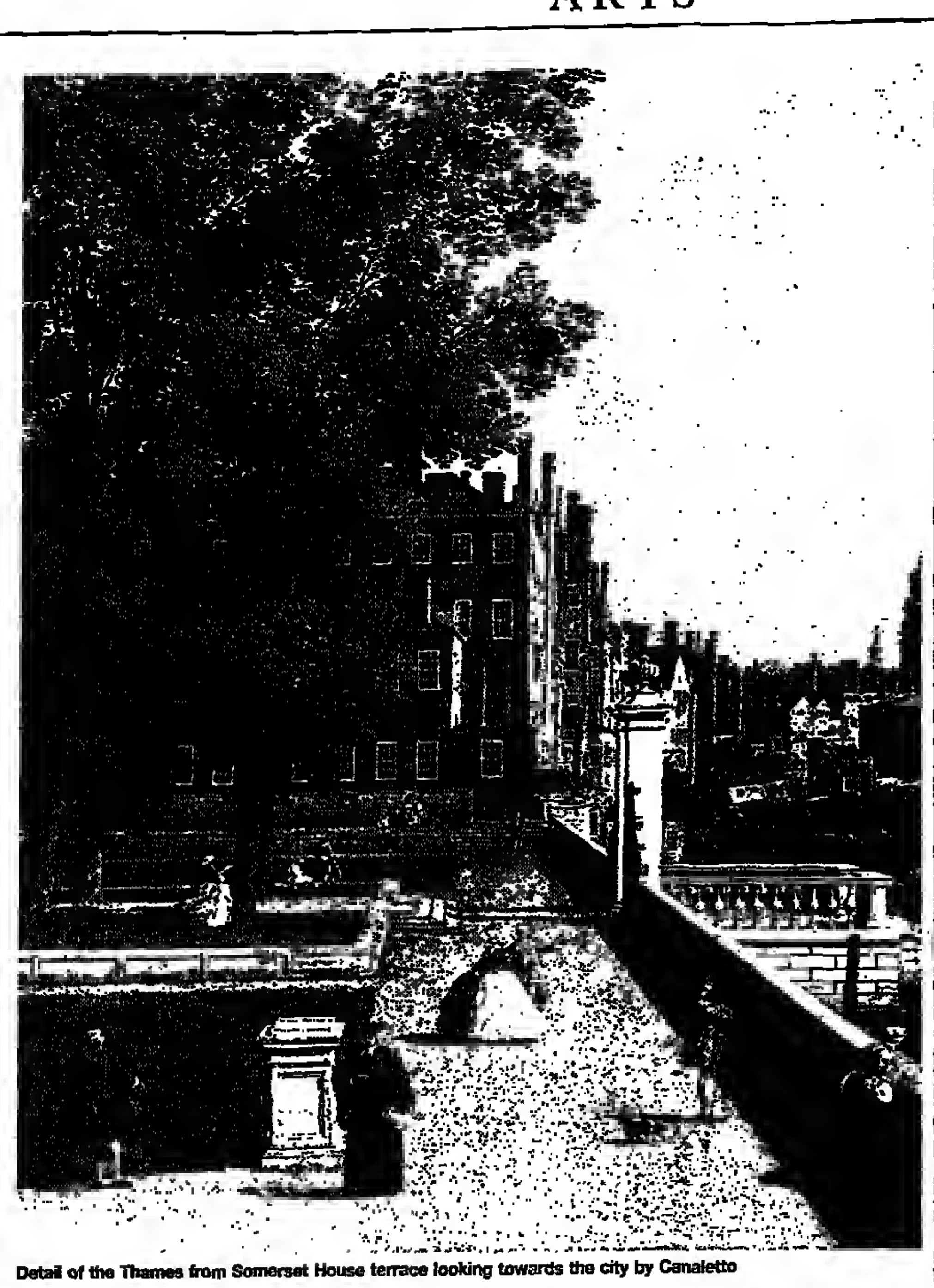
A King's Purchase: King George III and the Collection of Consul Smith is the latest of the year-long exhibition at the Queen's Gallery devoted to various aspects of the *Royal Collection*. A less ambitious affair than last year's impressive evocation of the Prince Regent's Carlton House, it is the return home of a selection of Consul Smith's Italian Old Master drawings after an international tour, adapted and exteoded in form. No new research is offered, and no picture is unveiled for the first time. Yet these morsels constitute a rare feast. A wall or two of 13 out of some 50 Canaletto oils; a Bellini portrait and a Vermeer make for exceptional *amuse gueules*.

It appears to have been the books and manuscripts rather than the works of art that primarily interested both Consul and King. Smith was a knowledgeable collector-cum-dealer, particularly of incunabula, and by the time of his death in 1770 he had amassed a second and no less important collection which sold in nearly 2,000 lots. As founder of the Pasquali Press in Venice, he promoted the engraver's art and also championed the architecture of Palladio, publishing the *Quattro Libri* in a fine fascimile edition.

Almost as a sideline, he hecame the agent for Canaletto. Since the opening years of the century He had acted as middleman for British collectors of works of art as well as books and manuscripts, but his relationship with Canaletto developed into that of a modern-day dealer with virtually all of Canaletto's output going directly to him. Their association appears to have begun in the late 1720s when Smith commissioned six large views of the Piazza and Piazzetta of S. Marco, possibly to be let into tha panelling of his palazzo near the Rialto. Within a decade he was supplying Woburn with its series of 22 small and two large canvases, and his publication of the artist's views of the Grand Canal was drumming up further commissions from home.

Anyone who has a jaded view of Canaletto after seeing too many of the late productions of master and workshop should hurry to the Queen's Gallery to refresh their opinion in the face of Canaletto at his most beguiling. Here are two of the five large upright views of the ancient sites of Rome, again probably intended for Smith's palazzo. The clarity of light is breathtaking, and the fluidity of his paint and the liveliness of his touch as he boldly fleshes out his unusually large figures are as vivacious as anything by Tiepolo.

Two views of the slate-grey Thames – from the terrace at Somerset House looking towards Westminster and upstream towards St Paul's and a skyline pierced by slender church spires – offer contrasting vignettes of contemporary London life. Yet even these delightful confections look almost dour beside his sparkling view of the Bacino di S. Marco on Ascension Day. There is nothing crabbed or dry about this Canaletto.


Detail of the Thames from Somerset House terrace looking towards the city by Canaletto

Consul Smith's is the sole surviving great 18th century Venetian collection. As well as patronising Canaletto, he had acquired most of the best works by the older Sebastiano Ricci and his vast and Veronese-inspired "Adoration of the Magi" dominates the exhibition space, as is perhaps appropriate for a gallery that began life as a private chapel. The slight, high-key gouaches painted on leather by Ricci's nephew and collahorator Marco – including the delightful "Courtyard of a Villa" – are minor masterpieces. They, like the late self-portrait of Smith's friend, the Venetian pastellist Rosalba Carriera – broken veins and all – could easily be overlooked on the way out.

Smith bought haphazardly, as and when the opportunity arose. One inspired acquisition was the collectioo of Zaccaria Sagredo in 1752. It brought the Royal Collection the Bellini plus several volumes of Old Master drawings – scantily represented here by Raphael's red chalk "Massacre of the Innocents" and two sheets (out of an unparalleled group of 200) by Castiglione, drawn with customary bravura in oil paint with the point of a brush. The great surprise is the cache of Dutch and Flemish pictures that Smith acquired when he purchased the collection of G.A. Pellegrini, an artist who bad worked extensively in Northern Europe.

The overall uneveness of Smith's collection is typical of the period. Many paintings were not what they purported to be, including all the Titians and Veroneses. Other misattributions proved more serendipitous. One picture from the Pellegrini estate was listed as by Frans Van Mieris and described as "A Woman playing on a Spinnet in presence of a Man seems to be her father". Only in the mid-19th century did it come to be revered as a work of the newly rediscovered master, Johannes Vermeer.

A King's Purchase continues at the Queen's Gallery, Buckingham Palace, until December 23

Dramatic passions

Malcolm Rutherford reviews 'Don't Fool with Love'

UNLESS I have missed it, there is no English equivalent of Alfred de Musset's *On ne badine pas avec l'amour*. Here is real romantic drama, full of pulsating passions and pulsating breasts. The English might go in for that sort of thing in novels, but not on stage. Yet the great surprise of the Cheek by Jowl production at the Donmar Warehouse is that it works.

Declan Donnellan's English version is not significantly different from an old, yellowing version I picked up in the local library, except in one respect. The earlier translation was called *No Trifling with Love*. Donnellan has switched to the sharper *Don't Fool with Love*. Thus he catches the mixture of the reckless and the imperative that is at the heart of the play.

The piece is close to Musset's life. He was the lover of George Sand, who abandoned him first for his Italian doctor, then for Chopin. Rather like Proust's *Remembrance of Things Past*, the genders have been mixed up in the telling. There may a bit of George Sand in the heroine Camille, but there seems to be even more of her in the male lover Perdican. Anyway, what you have is an ultimately tragic affair between two capricious people. There is also a wholly innocent victim in the country girl Rosette whom Perdican woos when he is too proud to stick to Camille. It is Rosette who dies in the end.

Donnellan directs himself. Not once does he go over the top. The lovers are young and fresh. They speak their lines as if they are feeling the emotions for the first time. Camille, played by Maria Miles, is only 18 and about to enter a nunnery. Inevitably she reminds one of Héloïse in the famous story. What strikes most, however, is her commanding presence throughout. She, too, is proud.

Perdican, played by Michael Sheen, is an experienced lover, but in the physical not the romantic sense of the term. At times Sheen fairly bubbles with enthusiasm and a sense of wonder that he can be experiencing such *feelings*, yet the prida never leaves him. Rosette kills herself (or maybe just dies) behind the altar while she hears him swearing his love to Camille in the oratory. The marriage will not take place.

The romance is not all. There is some rather jolly knockabout in the château of Perdican's father, the baron. A drunken tutor and the local priest compete for baronial attention, a share of the wine and a place in the pecking order at table. That is the light relief. It contributes to a splendid whole. The baron is a thoroughly self-confident figure played by Colin McFarlane who plainly has no idea of the passions that are seething around him.

Don't Fool with Love is performed on a plain round stage designed by Nick Ormerod. There are no accessories; none are needed. The set looks much bigger than it is, which is bow it should be.

Mistakenly, I think, the piece is preceded by *The Blind Men*, a 20 minute work by the Belgian writer Michel de Ghelderode (1898-1962). It concerns three blind men trying to walk from Flanders to Rome and going round in circles. There is no comment to make except that it is very well acted. Musset can stand on his own.

Donmar Warehouse until May 15. (071) 867 1150


Alastair Muir

Michael Sheen and Maria Miles in Cheek by Jowl's production

Slice of vagrant life

MOST OF us know too little about the two most crucial decades of British history: 1640-60. Any play from that era that gives us a fresh insight into that era is welcome, and Richard Brome's *A Jovial Crew* (1641), currently presented by the RSC in Stephen Jeffreys' adaptation, is – as a slice of history onstage – an amazement. It is about a *troupe* (and, by implication, troupes) of vagrants, who beg and perform to win their daily bread, who roam to escape conformism and to discover truth, and who seek to realise Utopia in England; and its central characters are young gentryfolk who take off and join the vagrant life.

The play is a serious comedy, occasionally larded with juicy caricature and farce. But watching Jeffreys' version is an uneasy experience, especially if you are not one of those rare birds who have swotted up on the original. On the one hand, has Jeffreys, in "improving" what was surely no masterpiece in the first place, hotted up the play's socio-political content? I am curious less on account of purism than because, to me the play's main interest is what it tells me about 1641. On the other, if Jeffreys simply wanted to make *A Jovial Crew* a better show, why has he not pruned it more? Three hours and a quarter is at least half an hour too long.

The jovial crew, in Max Stafford-Clark's staging, could be a heap more jovial. Their biggest song-and-dance number features some very interestingly fierce choreography by Sue Lefton, in which the performers work themselves up to fever pitch, losing self-control as if in some 17th-century British *Rite of Spring*. This was fascinating and impressive, but did not fit into Brome's play.

These problems apart, this is a powerful production. The beggars' life becomes vivid, serious, at times alarming (the women encounter attempted rape), at times hilarious (as when these new beggars beg in over-educated language). When the play reaches its happy ending, some characters choose to remain wanderers; and their words – "I've a journey yet to go" – clearly echo Kent's dark words at the end of *King Lear*. Amid a lively and well-integrated ensemble, Ron Cook as the steward turned vagrant Springlove gives an exemplary performance: sombre, generous, wry, alert.

Alastair Macaulay

In repertory at the Pit, Barbican Centre

Pianist on the podium

AMONGST pre-eminent conductors on the scene, there are usually two or three who like to strut their paces at the keyboard, once in a blue moon: Szell and Sawallisch spring to mind. Very often, in suitably chosen works – they avoid music that requires the ultimate virtuoso polish – their pianism is as satisfying as their conducting. Since the 1960s, however, there has been a surge of first-class pianists crossing over in the other direction, which some of us have found less heartening.

It is one thing for a master-pianist to render his most penetrating insights into his own instrument's sound, but quite another to transmit his full intentions to fellow-musicians in concert; or again, to play upon their collective voice so that it actually speaks and thrills. Those are not a pianist's natural knacks. Bluntly: who will claim (hand on heart!) to have heard an orchestral performance under Barenboim or Ashkenazy that came near to matching their most inspired solo playing?

On the evidence of his Festival Hall debut with the Philharmonia on Thursday, Mikhail Pletnev may prove an exception. He is already known here as a pianist of formidable powers; and, not incidentally, as one who has also been happy to appear as accompanist – "mere" would not be the word – for Michael Collins' superlative clarinet. Meanwhile, at his other home in Moscow, he has founded and developed an independent "Russian National Orchestra" of contract players.

For Pletnev's first appearance on a London podium he had Collins as soloist on basset-clarinet, the historical lower instrument for which Mozart originally planned his very late Clarinet Concerto (published in a version with higher substitutes for the lowest solo passages). With flawlessly sympathetic Philharmonia support, Collins made the darker-toned instrument sound like no period curiosity, but the native voice of the concerto. Its dusky resonance seemed ideal, both for unshowy but pungent "accompanying" passages and for intimate ruminations at centre stage.

Before that we had Weber's *Oberon* Overture, a familiar *hors-d'oeuvre* which rarely gets the quick, tender attention that Pletnev gave it. Properly open-air horns, a firecracker start for the "Allegro con fuoco", all the eager, transparent innocence the piece prescribes: that bespoke practical expertise, not just good musical intentions. Later, Tchaikovsky's "Pathétique" Symphony stretched him further, and *found nothing wanting*.

Its initial Adagio/Allegro – both tempi read at bold extremes – was vitally alert and dramatic. The 5/4 "waltz" movement really danced, with a baleful glint, and the Scherzo-March was a brilliantly headlong affair, exciting beyond the routine norm; the final Adagio lamentoso rose to precise, poignant expression without resorting to howls or swoops. If Pletnev were unknown as a pianist, this performance would still have earned him full-blooded credentials as a conductor of notable gifts.

David Murray

Sponsored by AFG Automotive & Financial Group

Radio/B.A. Young

Press barons

ON ST George's Day yesterday there was little celebration: a couple of references on Radio 2, but at least Radio 4's *Thought for the Day* was given by Dr English.

David Wheeler's *Farewell, Fleet Street* (Radio 4, Sunday) had a *Radio Times* picture of Lord Northcliffe wearing an inexplicable American flag. We had pictures of Northcliffe in our home when I was a boy; he was practically my father's patron saint, and I got his Christian name. All in this feature spoke well of him, inventor of the popular paper – the *Daily Mail* and later the *Daily Mirror*. The First World War brought him influence with Lloyd George, until as Prime Minister Lloyd George cut himself off from the Press. By this time Northcliffe had hought *The Times*, but later he began to go off his head – cardiac trouble, they said. His brother, the first Lord Rothermere, took over, but he was a manager rather than a journalist, besides being, says Lord Cudlipp, "preposterously stupid". He was stupid enough to back Mussolini and the British blackshirts – and a rival appeared in the field, Max Aitken, later Lord Beaverbrook, of the *Daily Express* and the *Evening Standard*. A great journalist, he too could be stupid. He inaugurated the Empire Crusade; he insisted in the 1930s there would be no war; and when there was, there would be no rationing. In the War Cabinet he did much for the aircraft industry. John Junor and others spoke of him with respect and affection.

Murdoch and Maxwell were mentioned only transiently, hut this was just the first programme of four. More time was given to Andreas Whittam-Smith, prompted into launching the *Independent* hy hearing that Eddie Shah was to start a national daily; and to the individual style of the *Guardian*. The series will be worth following.

The centenary of Joan Miró, the Spanish painter, was celebrated on Radio 3 both on Friday, with *Poems of Erath and Ether*, a hiographical sketch by Richard Calvocoresi, and on Tuesday, in *Mirooo*, an "exploration in sound and music" of his *Harlequin's Carnaval* that left me cold. Miró was from Barcelona hut went to Paris in 1920. His style was called the "mythification" of the natural phenomena that excited him. He made preliminary drawings for his paintings, but his ideas "ripened in his mind".

Wrongly labelled surrealist, he was not really of them. His work was "not abstract but accessible"; many may have seen it in the Spanish pavilion at the Barcelona Olympics. He was, it was decided, "the greatest public artist of the last half-century". I hope Tuesday's programme did not deter listeners from the greater fascinations of Friday's. Neither of them, of course, gave much idea to those who have not seen them how Miró's paintings look. Radio's great, sad weakness is its pictorial inadequacy. Last Saturday *Kaleidoscope* on Radio 4 had an interesting half-hour, *The Ballerina: o Swansong*, about the fading of the ideal hallerina of tradition. Great dancers like Markova and Baronova told how dancers today lacked the needful inner belief in what they were doing. They must "sing in their guts" the music to which they dance; virtuosity for its own sake "is not art. It is a circus." Clement Crisp and photographer Anthony Crickmay, long-standing commentators on the dance, were with them.

But plasticity, harmony, musicality – no dialogue, no music even, can explain to the listener how these qualities may be seen more in ona dancer than another. Radio can pass such things on; but the most elaborate stereophony cannot bring them to lifa in the home. You have to see them – on a screen if necessary, but *see* them.

Chess No 971:
The game ended: 1 Rxg7+! Kh8 If Kxg7 2 Qg4+ Kh8 3 Nxf7 mate or 2 ... Kf8 3 Nd7+ wins the Q 2 Rxh7+ 2 Qh5 also wins. Kxh7 Kh8 3 Rh8+! 3 Qh5+ Kg7 4 Qxf7+ Kh8 5 Ng6 mate. 1 Nd7 and 1 Nd5 also win, more prosaically.

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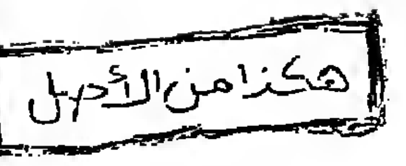


TELEVISION

SATURDAY

BBC1

7.00 Ceefax Pages. 7.25 News. 7.30 Felix the Cat. 7.45 The All New Popeye Show. 8.00 The Bit from Tomorrow. 8.30 The Flintstones. 9.00 Parallel 9. 11.00 Snooker: World Championship.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Boxing: The weigh-in for to Frank Bruno's bout with Carl Williams. 12.30 Football: Review of the week's Premier League action. 1.00 News. 1.05 Ice Hockey: Highlights from the semi-finals of the Championship play-offs from Wembley Arena. 1.30 Snooker: World Championship. The latest action from The Crucible, Sheffield. 2.20 Squash: The British Open from Wembley Conference Centre. 3.00 Ice Hockey. 3.50 Football Half Times. 4.00 Snooker: World Championship. 4.40 Final Score.
5.15 News.
5.25 Regional News and Sport.
5.30 Cartoon.
5.35 Jim'll Fix It. Jimmy Savile makes more dreams come true.
6.10 You Rang, M'Lord? The Meldrums are facing financial ruin – can anyone pull them back from the brink? Paul Shane, Jeffrey Holland and Su Pollard star in dire period comedy.
7.00 Film: The Great Outdoors. A family's camping holiday is ruined when rowdy relatives invite themselves along. Crass comedy starring John Candy, Dan Aykroyd and Annette Bening. (1988).
8.30 Birds of a Feather. Tracey tries psychotherapy. On closer examination the jokes are about sex, as usual. Starring Pauline Quirke and Linda Robson.
9.00 Westbeach. Heartbreak at the hotel when an Elvis Presley convention at the Royal Suffolk is interrupted by the fire alarm. Part two of the formulaic seaside soap starring Oliver Cotton, Deborah Grant and Debby Bishop.
9.50 News and Sport; Weather.
10.10 International Heavyweight Boxing. Live coverage of Frank Bruno v Carl "The Truth" Williams.
11.00 Bruce Springsteen: Plugged. The title is a giveaway: a nod to the success of MTV's acoustic series Unplugged. Springsteen recorded live in Los Angeles plays old favourites but his two recent records, Lucky Town and Human Touch, are also heavily plugged.
12.30 Weather.
12.35 Close.

BBC2

8.40 Open University.

3.00 Film: Madame X. Much remade tearjearker about a lawyer who does not realise that the woman he is defending is his mother. Starring Lana Turner, John Forsythe, Ricardo Montalban and Burgess Meredith (1966).
4.35 Snooker: World Championship. David Vine presents action from the afternoon's play in round two at The Crucible, Sheffield.
6.15 Scrutiny. New presenter Huw Edwards reports on the work of the House of Commons Select Committees.
6.45 News and Sport; Weather.
7.00 RTS Lecture. Sian Phillips looks back over her career in the annual Sir Huw Wheldon memorial lecture.
7.50 Snooker: World Championship. Action from tonight's session at The Crucible, Sheffield.
8.30 Have I Got News for You. Regulars Ian Hislop and Paul Merton are joined by Chris Evans and Fiona Armstrong as guests and victims. Repeat of Friday's programme.
9.00 Arena. Documentary exploring the truth behind Heartbreak Hotel, Elvis Presley's million-selling single. Composers Mae Axton and Tommy Durden explain how it was inspired by a real-life suicide in Miami in 1955, and how the lyrics use quotations from a note found by police at the scene. Priscilla Presley recalls how the song seemed to sum up Elvis' feelings of loneliness in the 1950s, and the programme investigates controversial claims that, 21 years after recording the song, Elvis himself committed suicide.
9.35 The Second Heimat: A New Generation. Second part of Edgar Reitz's rich, epic German drama. Like Hermann, Juan falls for Clarissa. Starring Daniel Smith, Salome Kammer and Henry Arnold (English subtitles).
11.35 Snooker: World Championship. Match action, plus highlights from the earlier games at The Crucible, Sheffield.
1.30 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Movies, Movies, Movies. Under scrutiny are Sommersby, Accidental Hero and Thunderheart.
1.40 Chips, The War Dog. The real-life adventures of a German canine.
2.10 Hard Time on Planet Earth. Jesse, the extra-terrestrial warrior, becomes a top fashion model. Unashamed junk.
3.00 Davy Crockett. Davy teaches the settlers an important lesson when they are threatened by an Indian tribe.
3.55 WCW Worldwide Wrestling.
4.40 ITN News and Results; Weather.
5.00 London Tonight and Sport; Weather.
5.10 Cartoon Time.
5.20 Film: Goldfinger. Vintage Bond. Sean Connery suavely tracks a ruthless gold smuggler from Miami to Geneva and on to Kentucky. Gert Frobe plays the villainous Goldfinger, Harold Sakata is his bowler-hatted bodyguard Oddjob and Honor Blackman plays Pussy Galore. (1964).
7.30 You've Been Framed! A compilation of camcorder embarrassments.
8.00 The Bill. A riot looms when a peaceful demonstration is taken over by racist thugs.
8.30 London's Burning. Family problems for Kevin, who discovers his brother is making hoax phone calls to the emergency services, and for Charisma, whose mother arrives from Australia.
9.30 ITN News; Weather.
9.45 London Weather.
9.50 The Marshal. More murderous escapism. Soon no city in Europe will be safe from British TV crews making glossy detective dramas. Inspector Morse visited Italy, now Alfred Molina stars as a local policeman investigating the murder of a destitute old woman on the streets of Florence. With Gemma Craven, Jonathan Coy and Al Ashton.
11.50 The Big Fight. Michael Nunn, the WBA super-middleweight champion, takes on Crawford Ashley, the Leeds-based fighter.
12.35 Miller and Mueller.
1.35 The Big E.
2.35 Get Stuffed; ITN News Headlines.
2.40 Basketball; ITN News Headlines.
3.40 New Music.
4.40 BPM; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Sign On: At Leisure. 12.30 pm Rapp Rung.

1.00 Film: Stowaway. Musical starring Shirley Temple, at the age of eight, plays an orphan adopted by a bickering couple after stowing away on an ocean liner. Temple sings and dances and impersonates Al Jolson and Ginger Rogers Also starring Alice Faye and Robert Young (1936).
2.40 Racing from Sandown. The 2.55 Thresher Classic Trial, 3.30 TGI Friday's Gordon Richard EBF Stakes, 4.05 Whitbread Gold Cup, and the 4.40 Country Club Hotels Stakes.
5.05 Brookside.
6.30 Right to Reply. The programme investigates the position of people who are filmed secretly..
7.00 A Week in Politics. Reports on the debate whether or not to intervene in Bosnia.
8.00 Adventures. Explorers Rick Atkinson, Jon Waterman and Joe Runyan retrace the footsteps of a 1925 expedition up Mt Logan in Alaska. The film follows their gruelling journey through unspoilt mountain scenery, capturing the beauty of the mountains, the tenacity of the huskies and the bitter conditions the trio endured.
9.00 The Beiderbecke Affair. Comedy drama, starring James Bolam and Barbara Flynn. Previously shown on ITV.
10.00 Drop the Dead Donkey. Rapid repeat of the award-winning newsroom comedy series. The awful Gus tries to replace Alex with someone he considers more suitable.
10.35 Film: The Hairdresser's Husband. Beguiling French drama, starring Jean Rochefort as a man who fulfils his fantasy of marrying a hairdresser. Delightful film in spite of the rather worrying romantic premise. With Henry Hocking and Maurice Chevit. Part of the Cinema Cinema season (1992).(English subtitles).
12.05 Evening Shade. A journalist arrives in town to investigate Wood Newton's football career. American comedy series tarring Burt Reynolds.
12.35 Harp in the South. Grandma Kilker arrives for an extended stay, while the wayward Role gets herself into trouble by following her boyfriend's advice. Australian-Irish family saga, starring Gwen Plumb and Anna Hruby.
1.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Movies, Movies, Movies. 1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 2.00 The A-Team. 2.55 Big Bob Johnson and his Fantastic Speed Circus. (1978) 5.00 Anglia News and Sport 9.45 Regional Weather.
BORDER:
12.30 Movies, Movies, Movies. 1.00 Border News. 1.10 Kick Off. 2.00 Granada Sport Action. 5.00 Border News and Weather 5.05 Sports Results.
CENTRAL:
12.30 Movies, Movies, Movies. 1.00 Central News 1.10 Nigel Mansell's IndyCar '93. 2.10 Spooner. 3.00 The A-Team. 5.00 Central News 5.05 The Central Match - Goals Extra.
GRAMPIAN:
12.30 Movies, Movies, Movies. 1.00 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.00 Tomas Toiteach 'S A Charaidean. 2.15 Police News. 2.20 Carry on Constable. (1959) 5.00 Grampian Headlines 5.05 Grampian News Review. 9.45 Grampian Weather.
GRANADA:
12.30 Movies, Movies, Movies. 1.05 Granada News 1.10 Kick Off. 2.00 Granada Sport Action. 5.00 Granada News 5.10 Granada Goals Extra. 5.20 Cartoon Time.
HTV:
12.30 Movies, Movies, Movies. 1.05 HTV News. 1.10 Nigel Mansell's IndyCar '93. 2.10 Get Wet. 2.40 The Theft of the Mona Lisa. (1965) 5.00 HTV News and Sport 9.45 HTV Weather.
HTV Wales as HTV except:
No variations.
MERIDIAN:
12.30 The Munsters Today. 1.00 Meridian News. 1.10 Nigel Mansell's IndyCar '93. 1.40 Scott of the Antarctic. (1948) 3.45 Cartoon. 5.00 Meridian News. 5.05 Saturday Sport.
SCOTTISH:
12.30 Movies, Movies, Movies. 1.05 Scotland Today. 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Celebrity Squares. 2.40 Cartoon. 3.00 Doctor at Sea. (1955) 5.00 Scotsport Results. 5.10 The Box. 5.20 Scotland Today 9.45 Scottish Weather.
TYNE TEES:
12.30 Movies, Movies, Movies. 1.00 Tyne Tees News. 1.10 The A-Team. 2.05 Salvage. (TVM 1979) 3.45 McCloud: Shivaree on Delancey Street. 5.00 Tyne Tees Saturday
ULSTER:
12.30 Movies, Movies, Movies. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Nigel Mansell's IndyCar '93. 1.50 Transworld Sport. 2.50 The A-Team. 3.45 Cartoon. 3.55 WCW Wrestling. 5.00 UTV Live Early Evening News 5.05 Saturday Sport. 9.45 UTV Live Headlines
WESTCOUNTRY:
12.30 Movies, Movies, Movies. 1.05 Westcountry Weekend Latest. 1.10 Running Out. (TVM 1983) 3.15 The Munsters Today. 3.45 Nigel Mansell's IndyCar '93. 5.00 Westcountry Weekend Latest.
YORKSHIRE:
12.30 Movies, Movies, Movies. 1.05 Calendar News. 1.10 The A-Team. 2.05 Salvage. (TVM 1979) 3.45 McCloud: Shivaree on Delancey Street. 5.00 Calendar News.
S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.30 The Wonder Years. 1.00 Old Lace. 1.20 Rygbi: Cwpan SWALEC 1993. 3.10 Racing from Sandown. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Traed Oer. 7.50 Yn Dy Ddwbla. 8.20 Tocyn Tymor. 9.30 Europe Express.

SUNDAY

BBC1

7.00 Ceefax Pages. 7.30 Opposites Attract. 7.40 Charlie Chalk. 7.55 Playdays. 8.15 Breakfast with Frost. 9.15 In Touch with Healing. 9.30 This is the Day goes Coast to Coast. 10.00 See Hear! 10.30 Deutschland Heute. 10.45 Italianissimo. 11.00 Work is a Four Letter Word. 11.30 Business Matters.

12.00 A Cook's Tour of France. The delights of modern French cuisine.
12.30 CountryFile. A report on wind-power, asking whether it provides a viable long-term alternative to fossil fuel.
12.55 Weather for the Week Ahead.
1.00 News.
1.03 On the Record. Jonathan Dimbleby interviews Chris Patten, governor of Hong Kong.
2.00 EastEnders.
3.00 Film: Operation Crossbow. Star-studded, complicated, second world war action adventure about a small band of commandos out to destroy a secret Nazi missile base. The cast includes George Peppard, Sophia Loren, Trevor Howard, Tom Courtenay, Anthony Quayle and John Mills.(1965).
4.50 Biteback. Viewers offer opinions on *A Year in Provence.*
5.35 Masterchef. Broadcaster Joan Bakewell helps to judge dishes served up by cooks from Wales.
6.10 News.
6.25 Praise Be! Thora Hird visits Worcester and meets Henry Sandon from the Antiques Roadshow.
7.00 Last of the Summer Wine. Foggy devises a plan to put the pleasure back into hill climbing.
7.30 The Alleyn Mysteries. Second in a series of adaptations of Ngaio Marsh thrillers set in a post-war, upper-crust England inhabited almost entirely by thoroughly nasty people. A cabinet minister is poisoned. Starring Patrick Malahide and John Stride.
9.10 A Year in Provence. The Mayles reach the grape harvest.
9.45 News and Weather.
10.00 Mastermind. Presented by Magnus Magnusson from the University of Huddersfield.
10.30 Everyman. Joan Bakewell investigates anti-German sentiment in Britain and asks if the "two World Wars and one World Cup" mentality is still uppermost in British culture.
11.10 Shakespeare: The Animated Tales. Hamlet.
11.35 Cats. Roger Tabor searches for pedigree cats.
12.05 The Sky at Night.
12.25 Weather.
12.30 Close.

BBC2

8.15 Open University. 9.15 Thundercats. 9.30 Jonny Briggs. 9.45 The Movie Game. 10.10 Rugrats. 10.35 Grange Hill. 11.00 Blue Peter Omnibus. 11.50 The O Zone. 12.00 Around Westminster.

12.30 Sunday Grandstand. 12.35 Motor Racing. Live coverage of the San Marino Grand Prix. Commentary by Murray Walker, James Hunt and Jonathan Palmer. 2.40 Ice Hockey. The Championship Play-Off Final from Wembley. Commentary by Barry Davies and Paul Ferguson. 3.00 Snooker: World Championship. Ted Lowe, Jack Karnehm and Clive Everton provide commentary on second-round action from The Crucible, Sheffield. 3.50 Ice Hockey. 4.30 Snooker: World Championship.
5.10 Rugby Special. The final weekend of Courage League action.
6.10 The Natural World. A look at the 1,400 mile long Rio Negro in Brazil, one of the last unspoilt rivers in the world, whose waters and banks abound with wildlife, including golden-backed uakari monkeys, red-headed turtles and pink dolphins called botos.
7.00 The Money Programme. The problems faced by the British shoe industry giant, Clark's, one of the country's biggest private companies. A string of disappointing sales now has family members arguing whether or not to sell out.
7.40 The Nineties. Women in the early 1900s were expected to marry, and spinsterhood was viewed with pity or even ridicule. Joyce Wilkins, Mary Butler and Dorothy Galton reveal how they managed to live rewarding lives despite never having married.
8.20 Grand Prix. Highlights of the San Marino GP in Imola.
8.55 Snooker: World Championship. The latest second-round action from The Crucible in Sheffield.
9.30 LA: Stories from the Eye of the Storm. Ten Los Angeles citizens use video cameras to record their lives in the year following the riots. They include a Korean whose business was burnt to the ground, a former Crips gang leader attempting to keep peace among the rival groups, and two policemen desperately battling violence and drug dealers on the streets of Hollywood. These disturbing stories suggest an uneasy future for multi-racial cities worldwide.
11.45 Snooker: World Championship. Highlights of tonight's second-round matches.
1.00 Close.

LWT

6.00 GMTV. 8.55 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 This Sunday. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden asks John Patten, education secretary, what the government will do to avoid disruption in schools.
2.00 Survival. A look at the tropical rainforests of Central America, an environment which supports hummingbirds, bats and a variety of exotic flowers.
2.30 The Match. Portsmouth v Wolves. Ian St John introduces live coverage of the First Division match, plus highlights of Newcastle v Sunderland.
5.00 The Gardening Roadshow. A visit to a prize-winning prison garden at Cookham Wood, and actress Sian Phillips (who is having a busy BBC weekend) gives a guided tour of her English country garden.
5.45 Cartoon Time.
6.00 London Tonight; London Weather.
6.20 ITN News; Weather.
6.30 Watching.
7.00 Surprise Surprise. New series. Cilla Black amazes more unsuspecting members of the public.
8.00 Heartbeat. Pc Nick Rowan investigates a break-in at an isolated barn, prompting the local rogue, Greengrass, to put a few shady schemes into operation.
9.00 Seekers. Brenda Fricker and Josette Simon star as two women joining forces to track down their bigamous husband. But as the search begins, the wronged wives discover other parties have more than a passing interest in finding the missing man. The first episode of a two-parter written by Lynda La Plante.
11.00 ITN News; Weather
11.15 London Weather.
11.20 Celebration. Profile of artist Ennio Marchetto, who impersonates/caricatures celebrities with the help of paper cut outs and a tape machine.
12.20 Encounter. Film portrait of Catholic priest and environmentalist John Doyle, who works with poverty-stricken communities in South America.
12.50 Cue the Music.
1.45 Get Stuffed; ITN News Headlines.
1.50 TXT.
2.50 Get Stuffed.
2.55 European Life.
3.25 Get Stuffed; ITN News Headlines.
3.30 Snooker.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.40 The Marathon Monks of Mount Hiei. A group of monks undergo spiritual training to run 1,000 marathons in seven years.
1.45 Women's Football. Highlights of the Women's FA Cup final from Oxford United. Plus, a visit to Yorkshire to meet Cindi and John Harkes, who both play for Sheffield Wednesday.
2.45 Gazzetta Football Italia.
5.00 After Arthur Minsky Died. Short film about a health freak.
5.25 News.
5.30 The Next Big Thing. New series. Documentary following the fortunes of two aspiring rock bands. The first programme focuses on FMB, a young indie group from London.
6.00 Moviewatch. Reviews of National Lampoon's Loaded Weapon I, Alive, starring Ethan Hawke, the Academy Award-winning Mediterraneo, and Mystery of Edwin Drood, with Robert Powell.
6.30 The Wonder Years.
7.00 Defenders of the Wild. A profile of seagoing conservationist Capt Paul Watson, whose life is dedicated to protecting whales, dolphins and other marine mammals.
8.00 Very Jean Muir. An insight into the life and work of fashion designer Jean Muir, concentrating on her 1993 spring collection.
8.30 Streetlegal. Is Britain's legal system coming apart at the seams? Patricia Hewitt is joined by lawyers for a closer look at the country's beleaguered judiciary.
9.00 Film: Good Morning Vietnam. Star vehicle for Robin Williams who plays a fast-talking US Army disc jockey who enrages the military top brass when he blasts the airwaves with his irreverent and controversial view of the conflict in 1960s Saigon. With Forest Whitaker, Tung Thanh Tran and Bruno Kirby (1987).
11.20 Red Empire. Dr Robert Conquest traces the history of Russia from the 1917 October revolution to the death of Lenin in 1924 and Stalin's rise to power.
12.20 Film: A Child from the South. Josette Simon stars as a journalist who returns to Mozambique, after 20 years in exile following the political assassination of her father, to discover more about the country's history and her own identity (1991).
2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
12.30 Shoot the Video. 12.55 Anglia News. 2.00 Candid Camera Classics. 2.25 Anglia Sports Special. 5.00 Telethon Update. 5.30 Bullseye. 6.00 Anglia News on Sunday 11.15 Regional Weather.
CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Earthfire. 2.15 Coach. 2.45 The Central Match - Live. 5.05 Wanted Dead or Alive. 5.35 Highway to Heaven. 6.15 Central News 11.15 Local Weather.
GRAMPIAN:
10.45 Cartoon Time. 11.00 Sunday Service. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Whipsaw. (1935) 3.30 Nigel Mansell's IndyCar '93. 4.00 Country Matters. 4.30 Survival. 5.00 Scotsport. 6.00 Grampian Headlines 6.05 Eikon. 6.15 Appeal.
GRANADA:
12.25 Chalte, Chalte. 12.50 Granada News 2.00 Granada Action. 2.30 A First Class County. 3.00 Hobson's Choice. (TVM 1983) 4.45 Coronation Street. 5.45 Strictly Classified. 6.15 Granada News
HTV:
12.25 HTV News. 12.30 HTV Newsweek. 2.00 Superstars of Wrestling. 2.30 Pippi Longstocking. (1968) 4.30 A Billion for Boris. (1984) 6.15 HTV News. 11.15 HTV Weather.
HTV Wales as HTV except:
12.30 Playback. 2.00 Soccer Sunday.
MERIDIAN:
12.30 Meridian This Week. 12.50 Meridian News. 2.00 Wanted Dead or Alive. 4.55 The A-Team. 5.45 Fit to Win. 6.15 Meridian News.
SCOTTISH:
10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Encounter. 12.55 Scotland Today. 2.00 Scottish Questions. 2.30 Highway to Heaven. 3.30 Elvis: Good Rockin' Tonight. 4.00 Cartoon. 4.05 Beverly Hills 90210. 5.00 Scotsport. *6.00 Scotland Today 6.05 Eikon. 6.15 Appeal.* 11.10 Scottish Weather.
TYNE TEES:
12.25 Tyne Tees News Review. 12.50 Tyne Tees News. 2.00 The Wonderful World of Disney. 2.55 The Tyne Tees Match. 3.50 Casanova's Big Night. (1954) 5.20 Survival. 5.00 A Woman's Place Special. 6.15 Tyne Tees News. 11.10 Local Weather.
ULSTER:
12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Police Six. 2.35 Beloved Infidel. (1959) 4.45 Coronation Street. 5.45 Glenroe. 6.10 Witness. 6.15 UTV Live Early Evening News 11.15 UTV Live Evening News
WESTCOUNTRY:
12.30 West Wise. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 2.30 Country Gold. (TVM 1982) 4.20 Highway to Heaven. 5.15 Brief Encounters. 5.45 Heart of the Country. 6.10 Westcountry Weekend Latest.
YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 The Wonderful World of Disney. 2.55 The Match. 3.50 Casanova's Big Night. (1954) 5.20 Survival. 5.50 Calendar News and Weather 11.15 Local Weather.
S4C Wales as Channel 4 except:-
7.00 Early Morning. 9.00 Jeifin. 12.40 Zeno Is Gardening. 12.45 Mork and Mindy. 1.15 Eerie, Indiana. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.15 Fe Hoffwn I. 7.45 Hel Straeon. 8.15 Llygad am Lygad. 9.00 Newyddion. 9.05 Saith Diwrnod Ar Y Sul. 9.20 Snower. 9.55 True Stories. 11.30 ENG.

RADIO

SATURDAY

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

BBC RADIO 5

WORLD SERVICE

SUNDAY

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

BBC RADIO 5

WORLD SERVICE

BRIDGE

AFTER the success of the last competition which drew 1,000 entries, I have organised another quiz. First prize is the Pro Bridge 510 from the Bridge Computer Specialists (0256-840285); 20 runners up will win a bridge book of their choice published by Faber. There will be consolation vouchers for those who come close.

You are playing rubber bridge, standard ACOL with neither side vulnerable.

Send your answers by May 5 to: Bridge Plus, Ryden Grange, Bisley, GU21 2TH.

The first correct entry drawn from the mail bag will be the winner. A copy of the results and answers will be sent to all entrants. The answers will also appear in this column.

E P C Cotter

CHESS

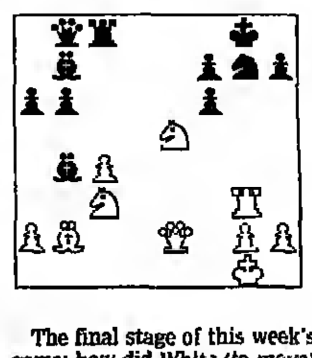
BRITISH chess clubs and county teams founded between 1880 and 1900 in a period of easy rail travel are now celebrating their centenaries. London's Insurance club last month staged the most imaginative event so far.

The club's first match, on 20 March 1893, was an eight-board blindfold display by J H Blackburne, who scored 6½-1½. On 20 March 1993, Paul Littlewood, the former British champion and the UK's current blindfold expert, won seven blindfold games and drew the other.

Blackburne was the world no 3 of his time, a daring gambit player and a bluff extrovert. When a club opponent in a simultaneous match left his drink on the grandmaster's side of the table, Blackburne gulped it down and commented: "He left it en prise and I took it en passant".

Littlewood's impressive result included this brilliant attack (PE Littlewood, White; GW Derbyshire, Black; Insurance CC 1993).

No 971



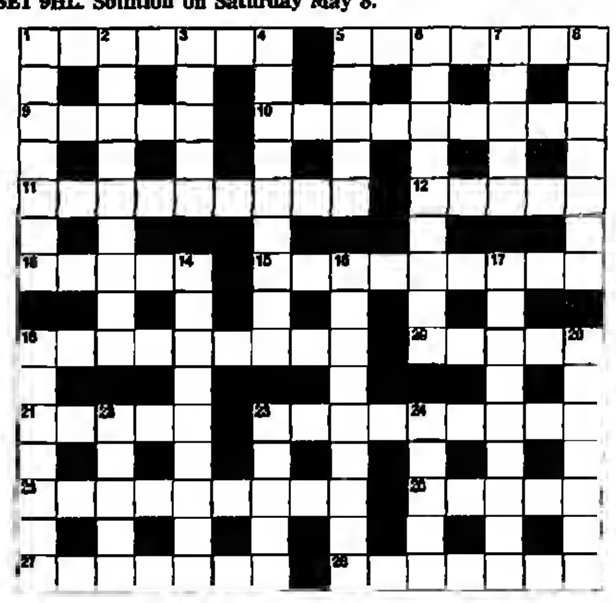
The final stage of this week's game; how did White (to move) force a speedy win? *Solution Page XX*

Leonard Barden

CROSSWORD

No. 8,134 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday May 5, marked Crossword 8,134 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 8.



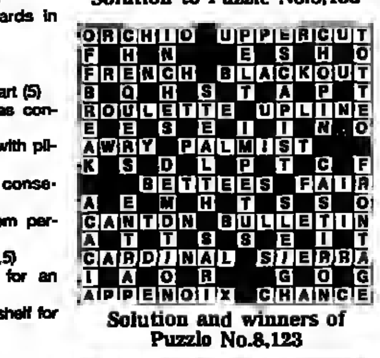
Name........................

Address........................

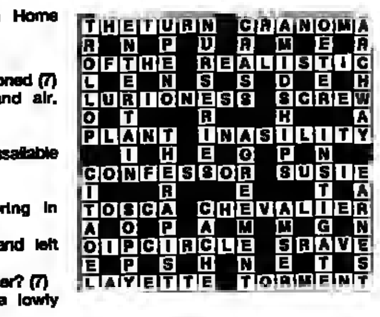
ACROSS
1 Pays out without embarrassment for jacket and trousers (7)
5 Could possibly put in doctor for first prize? (4,3)
9 Chair lost by Napoleon III (5)
10 Fence measuring 22.22 yards in all? (5-4)
11 Morally binding on vicar (9)
12 Lady each way (5)
13 Chart featuring Raphael in part (5)
15 Beetle missing a church has container for male bird (4,5)
18 Has chance of blossoming with pilgrims? (9)
19 Female bird at church, conservative (5)
21 Post partum or post mortem person? (5)
23 Project actors with a team (4,5)
25 Damage a coin, possibly, for an organ (9)
26 I'd got upset about fireside shelf for laundry (5)
27 Saracen's dish at home (7)
28 Writer changing seat with Home Guards (7)

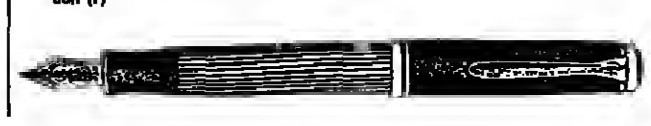
DOWN
1 Death is extremely old-fashioned (7)
2 Dirt involving Channel island air, maybe, on the bench (9)
3 Drop each way (5)
4 Accords we settle with unassailable beast (6,3)
5 Hard work or corruption (5)
6 32 or more days of spring in China? (4,5)
7 Youngster being scolded and left inside (5)
8 Old soldier or specialist angler? (7)
14 American cinema features lowly tendency in criminal (9)
16 Eccentric and intelligent chest (9)
17 Rat sounds like bow-legged bird (9)
18 Speed is needed to follow ma on Nile or Mississippi (7)
20 See me in trouble with the opposition (7)
22 Large number said to be good (5)
23 Sound of money in advantageous spot (5)
24 Poet takes the ice from his hearers (5)

Solution to Puzzle No.8,133



Solution and winners of Puzzle No.8,123





Spare us the green shoots Mr Major

*Because times are bad, says **Dominic Lawson**, most of us have never had it so good*

IT IS 25 months since I wrote the first of these columns, and history has come full circle. Twenty-five months and three Budgets ago, we were being told by Norman Lamont that there were signs of "the green shoots" of growth in the economy. As it turned out, the only view of green shoots then to be obtained were from a position approximately six feet below. The British economy was still well and truly buried.

Now, here we are, green shooting again, although this time John Major has taken on the mantle of garden soothsayer from Lamont, who, understandably, has abandoned the rustic rune business.

Speaking as a responsible citizen and loyal employee of an ambitious organisation, I could not be more delighted that this time, as Chauncey Gardner said in *Being There*, there will be growth in the spring. Speaking personally, I am filled with gloom. For those of us who have kept our jobs during the recession – and we represent the overwhelming majority of the workforce – the bad times have been very good.

First, there was the wonderful disintegration of the retail price mechanism. During the recession it was possible to haggle over the price of everything. A friend of mine a few months ago, for a challenge, attempted to get substantial reductions at the places one would least expect it. Asprey's, Claridges, Harrods: they all succumbed. Apart from anything else, the haggle was so enjoyable: it was like travelling *to an exotic Middle eastern souk* without all the inconveniences of foreign travel.

The economist Fred Hirsch, during the boom years of 1960s came up with a clever concept, which he named "the positional good." As I recall, the less one had to share something the more of a positional good it was. For example, a place on an uncrowded beach was said to be worth much more than the same place on the same beach, once it had become crowded.

During the boom of the 1980s we came to understand this as the "German towel on the beach" problem. In other words, if you accept Hirsch's concept, those of us who are doing so-so are actually better off in a recession, because we share the goodies with fewer people.

The list of this type of benefit is a long one: the availability of taxis at all times and to all destinations, no matter how awkward; the ability to get a table at a good restaurant without booking; the ability to park a car in a City garage without queuing. Indeed, I do not think I have seen a queue at all in London for at least three years.

There is another factor, which Hirsch did not write about: the joy at others' misfortunes. The Germans call it *schadenfreude. But it is* a particular hobby of the British. The sight of all those financial stars of the 1980s plummeting to earth – or water, in the case of the late Robert Maxwell – has been of enormous cheer to the British.

We were uncomfortable with the extraordinary access to great wealth of the likes of Asil Nadir and Alan Bond, not because we thought their methods were suspect – what could we have known of those? – but because such dynamic growth in fortunes mocked our own innate aversion to risk, and our sluggishness.

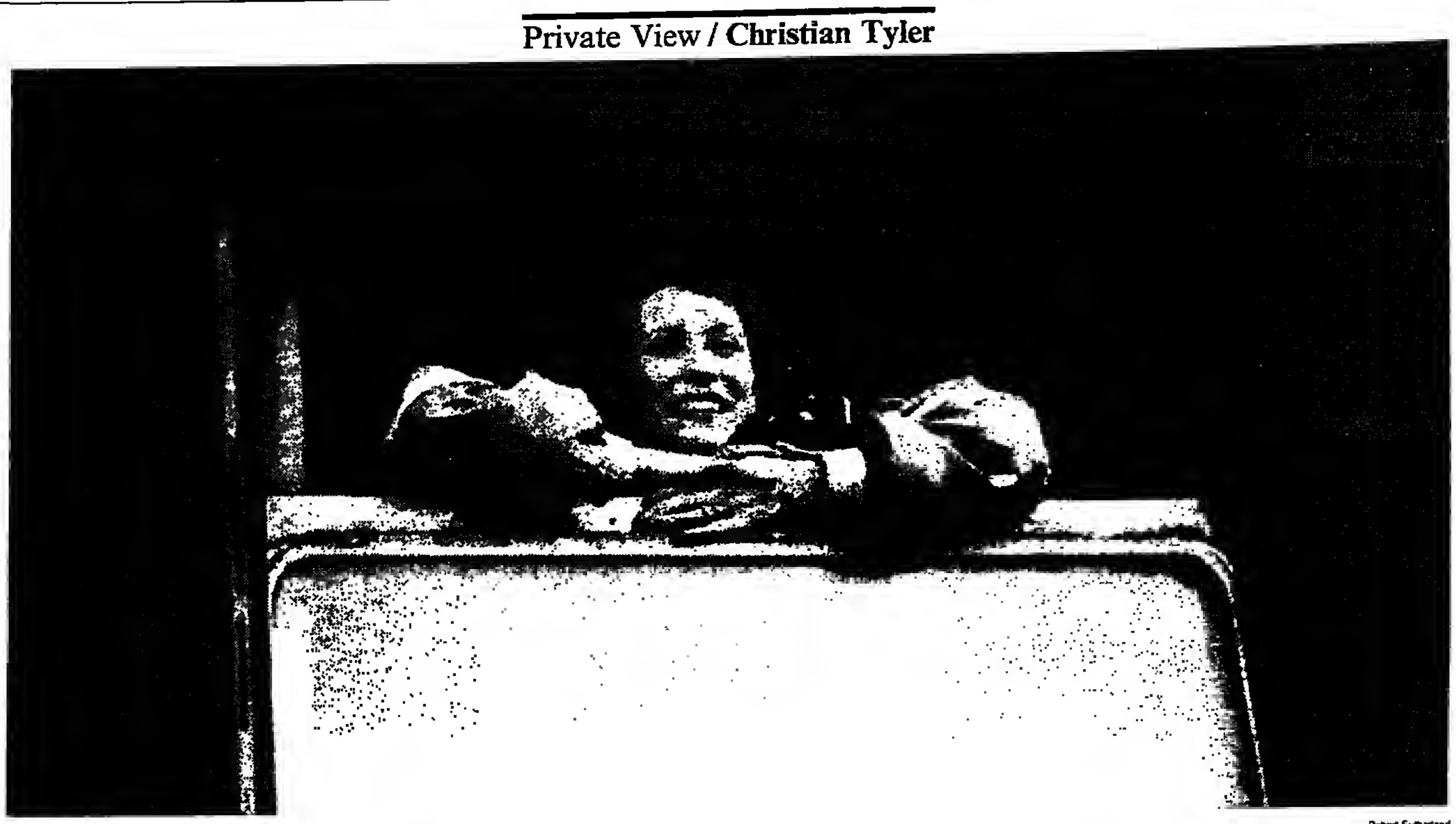
Worse still, during the growth years one experienced the ghastly shock of meeting old school friends whom one had written off as irredeemably stupid, and finding that they had made a great fortune in the City "stripping mortgages" or "washing bonds", none of which one understood.

These people it seemed, were the only ones who could afford a property in London with their own front door. Are these bad times to come again?

Property is the sorest point of all. It amazes me that the media and the public seem to interpret the economy as "bad" when house prices are falling in real terms and "good" when they are rising by more than the rate of inflation. I dread newspaper headlines trumpeting estate agents' claims of "healthy" rises in property prices, and I say this as someone with a heavily mortgaged home. Like most people, other than the very old, I aspire to live in a bigger house. The further property prices fall, the more likely it is that I could afford such a home. And, just I was planning such innocent self-advancement, along comes the recovery. It's a crying shame.

■ *Dominic Lawson is editor of the Spectator*

Private View / **Christian Tyler**



Robert Sutherland

A talk on the night train

***Natalia Makarova**, the ballerina, trembles for the future of Russia*

SHE ALIGHTED like a gorgeous butterfly on the shining parquet of Prince Naryshkin's palace in St Petersburg and took a swig of champagne. Her head was wrapped in a trailing turban, her slender body in a jacket of rainbow colours and her legs – the famous legs – in saucy black-patterned stockings.

When Natalia Makarova emerges fragile and shimmering from the secret struggles of the wardrobe she seems to create an auditorium of the space around her.

It is not deliberate vanity, I think, but her uninhibited theatricality – the same impulse that keeps the former *prima ballerina assoluta* of the Kirov still twirling under the lights as an actress and media celebrity.

A few evenings later, aboard a luxury train trundling down to Volgograd and central Asia, the Russian butterfly consented to perch for an hour in the ornate library car and talk about the sensation of revisiting her wasted homeland.

It was early in April and the snow was melting to expose a dour landscape of birch woods, brown pasture and muddy, derelict townships. President Boris Yeltsin had just returned from his meeting with Bill Clinton and was campaigning for votes in the national referendum to be held tomorrow.

First of all I asked Makarova (the stress is on the second syllable) whether anything of the Leningrad child in her had survived.

"Well, I don't feel particularly Russian," she said in a heavy Russian accent. "Everybody says I'm totally Russian. But I don't feel this national belonging. I belong to the world." She laughed as if to apologise for the conceit. "I always am comfortable and feel free when I have lots of possibility for creative things. And that's my home."

Makarova's material home is San Francisco where she lives with her third husband, Edward Karkar, a tall, courteous Lebanese-American who sold his electronics company in 1986 and plays Stradivarius and Guarneri violins. There are apartments in New York and London. The couple have a 15-year-old son, Andrei ('Andrusha') who was travelling with them for his first look at Russia.

Do you suffer as other exiles have? I asked. Solzhenitsyn became quite bitter about the West…

"I know, I know. But you see writers are different. Writers belong to the roots because they reflect their nation and they have probably more responsibility to the nation. Ballet is a much more abstract art… Because I am abstract. I am *Sylphide* (the wood sprite in Bournonville's romantic ballet). I can be *Sylphide* everywhere. Nothing to do with politics. It's my spirit, that's what it is… whether in America, Africa. Everywhere it's a spirituality."

This little sprite – she is no more than 5ft 3in tall – was rescued by her mother from the German siege of Leningrad and grew up pardonably unashamed of her material cravings – for chocolate, clothes and shoes, for icons and works of art.

She is not all Material Girl. In the garden of their country house in the Napa Valley, California, Makarova and her husband are completing an Orthodox chapel of Canadian cedarwood with seven onion domes, computer-designed, of copper-covered fibreglass. It is more than just a souvenir of the country she fled 23 years ago, as became clear later in the conversation.

The couple have also set up a foundation to help her childhood ballet school in St Petersburg, the Vaganova, which produced many of the great names of Russian ballet including Makarova's two fellow refugees, Nureyev and Baryshnikov.

Makarova defected ("I don't like the word. I choose to live in another country!") during a Kirov tour to London. Dining with English friends, she debated with them for seven hours before ringing Scotland Yard. "They predict me in Soviet Russia I will never survive," she said, "because I am too Russian and I will be lost in that rotten capitalist world. But that is old story."

Four years ago, one of the first beneficiaries of *glasnost*, she returned to her home city to dance at the Kirov. She decided to make it her swan-song as a classical ballerina. Emotional as the occasion was, it seemed to her unreal. "I totally cancelled that other world when I live this different life. In my mind I knew I will never go back. I just totally cut it from my life."

Would you live here again?

"No, I will not. Why? Why?"

I could not think why. To give people encouragement? To show your faith in their future?

"I don't think it will be enough for them," she laughed thinly. "It will not help, really. It's very romantic." (I think she meant naive).

Do you feel no nostalgia?

"You can't say it's nostalgia. I just feel very sad and very dramatic towards my generation, my people. I share with them and I suffer. It's not just to say that. I really truly do. I really feel terrible because they don't deserve that. They have a dignity and it looks like they're on the edge to lose their dignity. I don't know what best I can do.

"They are down, much down. They hardly hope for the future. It's so sad. Everyone complain. They took my shoulder and put their head on my shoulder and say: 'Natashinka, but you heard about our situation?' I said: 'Of course I heard'. It's getting worse and worse. At least after the war it was difficult time but everyone was optimistic, rebuilding, you know, a rejuvenation mood. But now they find hard just to survive to get enough food, not to die."

AS Makarova's passion rises, her accent and syntax becomes ever more exotic. She begged me, for the sake of her career as an actress, to tidy up her English. What can one do? It is part of her personality, and the critics are forgiving because of her mesmerising stage presence. The *Financial Times* called her the most flawed but the most sublime element of the piece when she starred opposite Robert Powell in *Tovarich* in Chichester and London. Her performance in *On Your Toes* won her rave reviews and an Olivier award as best acress in a musical.

When I observed it was difficult not to feel ashamed travelling in luxury through such manifest poverty, she agreed hastily.

"Yes. I feel guilty. Me too. Absolutely. I go to the streets with these people. They cover themselves and they look away from the camera. It is because they have dignity that they cover. And I am living well, I'm alright. I am really like a Scarlett O'Hara."

She described her compatriots as spiritually energetic but reduced to apathy by "the tragedy of uncertainty where the old thing collapses and the new didn't arrive." If they got through the mental and moral stress of the present, she added, they would survive.

She talked about Africa and Yugoslavia in the same breath as Russia. "I wish everyone would not just say 'Oh, Oh, how bad!' but do something realistic about it. I just wish people will be not passive. Of course you can sympathise with people who are hungry but *do something*. My God!

"Just put this. How is principles, when people are dying? How possible that?"

The extravagance of her language does not mean Makarova's concern is insincere. Indeed, as we talked a softer, more thoughtful and less theatrical character began to emerge and her discomfort with my questions subsided.

I wondered how maturity had changed her. We get older, I said, and want to make sense of our lives. Like Tolstoy, I prompted.

"Certainly. And sometimes they are wrong."

What about you?

"You perform some role and you are very fussy at the beginning," she replied. "With more experience you cut the extra and come to the essence. So probably with age you come to be more simple, more direct."

What about the celebrity status you have achieved as a dancer and exile, and now as a media performer. Do you enjoy that side of life?

"I don't think about that. It's part of my life. I cannot answer. It's just what I am."

Some people in the public eye complain…

"No, I don't dislike anything. I don't particularly like socialising when I am out of work. I prefer to stay in my country house and read and listen to music. That's the most enjoyable time I have. I had very little opportunity before."

I asked her what she read. She surprised me by replying promptly: "Philosophy, religion."

Did you have any religious teaching?

"Not as a child, no. Only my *babushka*, my grandmother, christened me when I was five years old and since that I never was in church in Russia."

A little later she said: "Myself, I have a belief. But it is in me, inside of me. It's not come from on top. I am afraid now in Russia there is a new fashion of religion which comes too much from above. It is somehow strange to me after *all this education in the party* ideology. They have gone from one extreme to another."

Because they feel so vulnerable?

"Probably escapism too. I read a lot of philosophers, atheist and religious, like Berdyaev, like Heidegger, Camus and Sartre. I compare and choose for myself. I am looking for the right thing for me.

"I don't think ever in the history of Russia they ever had a choice. It's always been dictated – how to think, how to feel. Thus for people to take liberty and democracy is very difficult, mentally. There has to be a transition time. It will be much longer than you think." She looked at me accusingly.

You mean 50 years, 100 years?

"I can't predict. I am not politician. I am not gypsy," she laughed gaily and continued. "I'm not very political, as you say. Not very intellectual." She laughed again. "So. I'm not supposed to be. I'm ballerina." And she flitted off to bed.

Stop the world, let me off

Michael Thompson-Noel

WOULDN'T it be splendid if John Major woke one morning in No 10 Downing Street and found, pinned to his pillow or propped against his tea-maker, a note from the Saint signed with the famous logo – a matchstick man with a halo. The message would be quite short: "I am watching you, sonnikins. Your performance in office has been nothing but bloomers. Yet I believe you have the makings of a decent man, so I am giving you a fresh start. That's all I've got to say for now. Just raise your game considerably. The Saint is watching you. Understand, honeybunch?"

Perhaps you didn't know that the Saint used words like "sonnikins" and "honeybunch" – or "sweetness" or "loveliness" – when admonishing villains? Neither did I until this week, when news of the death of Leslie Charteris, the Saint's creator, sent me scurrying to the bookshop to buy my first Saint books: *Enter the Saint*, one of the earliest (published in 1930), and *The Saint Goes West* (1942).

Their innocence is charming. How simple life was then. Right was right and wrong was wrong, and sex was still in the cupboard. Even the violence the Saint dished out was choreographed slapstick, at the end of which he was liable to drawl, perhaps a little breathlessly: "Any time any of you bad cheeses want any more lessons in rough-housing, you've only got to drop me a postcard and I'll be right along."

In an introduction to the Everyman paperback version of *Enter the Saint*, Ion Trewin says that it is possible, with hindsight, to see why the Saint caught on so swiftly. With the depression at its height, Charteris offered not just escapism but a contemporary Robin Hood who, like the Robin Hood of myth, would hand over the loot – in the Saint's case to charity, keeping 10 per cent as his fee.

HAWKS & HANDSAWS

In fact, analysis of the Saint books has shown that there were five Saints all told, from the piratical and energetic Mark I Saint of the early books to the final Mark V version: cosmopolitan and almost world-weary.

But he would be laughed off the bookstalls today. In *Enter the Saint*, Charteris tells us that there was "a certain quiet assurance about his bearing, a certain steely quality that came sometimes into his blue eyes, a certain indefinable air of strength and recklessness and quixotic bravado" that reminded his opponents of "wire and whipcord and indiarubber and compressed steel springs and high explosives."

Dearie-me, honeybunch. And the Saint's enemies were the crudest of cut-outs – "crooks, blood-suckers, traders in vice and damnation, and other verminous excrescences of that type."

There is little indication that the Saint would survive more than about three minutes in a late 20th-century world echoing with the rumble of apocalyptic prophesy. The Branch Davidians were not alone. In the US, as many as 600 groups and individuals are currently proclaiming the onset of global catastrophe, according to the Millennium Watch Institute in Philadelphia, which monitors such predictions.

Ted Daniels, who runs the Institute, attributes this doom-saying to the approach of the year 2000. "I think that's getting people excited. It seems to follow in people's minds that there ought to be some huge change. All those zeros pop up on the odometer and it's got to mean something."

Yet the Saint books have set me thinking. Their escapism is no mere accident. It is cleverly contrived. Because of the conventions of their time, the view of the world they present is the result of determined and skilful filtering, and of vigorous self-censorship. Leslie Charteris was not an innocent. He knew a lot about the real world. But you can hardly tell that from the books.

Quite soon – I predict – escapism and censorship will make a big comeback. The planet is spinning towards so much horror that people will feel the need to be protected from it, if only to preserve their sanity. They will want newspapers and TV stations that offer them a sanctuary – a non-stop merry-go-round of music, comedy, sport, sex, fashion, gardening, food and wine tips, happy stories from safe places, medical breakthroughs, strange objects in space, Princess Diana, religious visitations and the latest speculation about particle physics and parallel universes.

They can sign me up tomorrow.